

**REQUEST FOR PROPOSALS
(RFP)**

ISSUE DATE: January 31, 2003

RFP NO. OWC03-1

TITLE: Workers' Compensation Claims
Administration and Cost Containment Services

ISSUING AGENCY: Commonwealth of Virginia
Department of Human Resource Management
James Monroe Building, 13th Floor
101 North 14th Street, Richmond, Virginia 23219

PERIOD OF CONTRACT: From July 1, 2003 through June 30, 2006, with two
one-year renewal options

Sealed proposals for furnishing services described herein will be received subject to the conditions cited herein until 2:00 p.m., Tuesday March 11, 2003.

All Inquiries Must Be In Writing And Should Be Directed To:

Mr. William G. Gregory
Department of Human Resource Management
James Monroe Building, 13th Floor
101 North 14th Street, Richmond, Virginia 23219
Fax Number: 804-225-2790

SEND ALL PROPOSALS DIRECTLY TO THE ISSUING AGENCY ADDRESS SHOWN ABOVE.

Note: This public body does not discriminate against faith-based organizations in accordance with the Code of Virginia, § 11-35.1 or against a bidder or offeror because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment.

In compliance with this Request for Proposals, and to all the conditions imposed therein and hereby incorporated by reference, the undersigned offers and agrees to furnish materials and services in accordance with the attached signed proposal or as mutually agreed upon by subsequent negotiation.

Name and Address Of Firm:

Date: _____

By: _____
(PRINTED NAME)

(SIGNATURE IN INK)

_____ Zip Code _____

Title: _____

Fax Number: (____) _____

Telephone: (____) _____

PRE-PROPOSAL CONFERENCE: An Optional pre-proposal conference will be held on Monday, 9:00 a.m. February 10, 2003, at the James Monroe Building. (Reference Paragraph 4.9)

1.0 Purpose

The purpose of this RFP (Request For Proposals) is to solicit proposals from offerors to provide Workers' Compensation claims administration and cost containment services for all claims activities occurring on or after July 1, 2003 for claims incurred July 1, 1989 and later. The Commonwealth reserves the right to transfer responsibility for claims occurring between July 1, 1986 and June 30, 1989 to the vendor upon providing 90 days notice.

2.0 Background

- 2.1 The Department of Human Resource Management (DHRM) Office of Workers' Compensation (OWC) administers the Workers' Compensation claims and loss control program. The program protects all Commonwealth of Virginia employees from financial loss due to lost work and wages. It also covers medical expenses and other costs associated with a covered (work related) injury sustained arising out of or in the course and scope of employment. These benefits are subject to the provisions of the Virginia Workers' Compensation Act.
- 2.2 The claims staff is located on the 6th floor and the loss control services unit is located on the 12th floor of the James Monroe Building. The contractor must utilize the office space on the 6th floor and will be required to pay rent for that space. The Contractor must use the services of the DHRM's copy center for all photocopy work. The Copy Center contract will expire January 31, 2006. The photocopy requirements of the contractor will be reviewed ninety days prior to the end of the copy center contract. The 6th floor is secured through the use of security badges restricting access to the floor. The contractor's servers are also secured on this floor through the use of locked doors in addition to the overall security of the floor. All prospective contractor employees must undergo a background check (performed by the Capitol Police) and are required to sign a confidentiality statement.
- 2.3 Agencies are billed on an annual basis for insurance premiums. The Director in consultation with the Department of Planning and Budget is responsible for determining the amount to be billed to each agency. The program is funded by premiums on a cash flow basis and is certified as self-insured by the Virginia Workers' Compensation Commission. The Workers' Compensation Program will continue to be completely self-insured.
- 2.4 An independent actuary, currently William H. Mercer Incorporated (Mercer), annually completes an Actuarial Analysis of the Self-Insurance Fund and every two years evaluates the Workers' Compensation self-insurance program premium structure. During the reviews, Mercer evaluates claims history, future required premiums, reserves currently held, estimated future reserve requirements, and fund position. Upon the completion of any review, Mercer releases a report detailing the work completed, methodologies used, and recommendations.
- 2.5 DHRM Fiscal Department provides financial statements to the OWC for the Workers' Compensation Administrative Program and is responsible for verification of financial statements and reconciliation of accounts.

- 2.6 The OWC contracts for an annual Statement of Auditing Standards (SAS) 70 audit on the contractor. All claims processing procedures and internal control environments are established, subject to the DHRM/OWC's approval and are audited by the program's external auditor, currently Cherry, Bekaert, and Holland. A copy of the report is distributed to the Contractor.

3.0 Statement of Needs

- 3.1 The specific services provided by the selected vendor, may, as requested by the State, include claims administration services (with specific delegated authorities to be negotiated), preferred provider agreements, provider bill review, utilization review, hospital bill audits, clinical case review, prescription drug, supplies and apparatus program, surveillance, field investigation, loss control/safety consulting and training services, payroll classification audit, field medical and vocational placement, initial reporting/claim notification intake program, quality assurance, client reporting program, and communication program. All services included in the proposal shall be included in one comprehensive monthly fee (other than surveillance, payroll classification audit and field investigation).
- 3.2 Initial marketing, promotion and statewide seminars are included as part of the expectations of the State as part of this agreement. Materials and staffing to accomplish this initial promotional effort should be included in the vendor's cost proposal. Compliance with specific directives of the State's Contract Administrator shall also be included in the tasks prescribed under this contract. See section VII (Pricing Schedule)
- 3.3 The State shall contract with a vendor who will establish a dedicated claims administration and cost containment processing center housed on the sixth floor of the Monroe Building at 101 N. 14th Street, Richmond, Virginia (state site). All services provided under the contract shall be housed on the state site unless otherwise agreed.
- 3.4 The following is a preliminary description of the major tasks and required services involved for developing the end product of this project. The contractor is not, however, constrained from supplementing this listing with additional steps, subtasks, or elements deemed necessary to permit the development of alternative approaches for the application of proprietary analytical techniques.
- 3.4.1 Program Philosophy: It is understood that the Contractor, including the work of any sub-contractors thereon, focus on delivering consultative services to the injured worker, employer, treating physician and other parties active in delivering services to the injured employee. The Contractor's role, and each of its subcontractors, is to consult with the physician and other involved parties to assure that a full disclosure of all options and consequences is known prior to the determination of the final decisions regarding medical services and return to work. The program philosophy shall embody a cooperative relationship between participating parties. Should the contractor or any of its subcontractors, conclude that medical care recommended by the treating physician is not appropriate, the traditional avenues of IME, peer review, and hearings before the Virginia Workers' Compensation Commission are to be used to resolve such matters.

- 3.4.2 Claims Management: It is the Contractor's responsibility to provide and manage a staff to provide all specific services. The contract shall include a claims managementsystem for Workers' Compensation that includes the ability to track and report on all claims activities including work-related short-term disability claims. Ongoing status of work-related disability claims shall be communicated electronically to the organization responsible for managing the state's short and long-term disability program based upon criteria developed by the DHRM Office of Workers' Compensation.
- 3.4.3 Contract Administrator and Account Manager: Each party shall appoint a contract administrator who shall be diligent in securing faithful performance of this contract. The Department hereby appoints Sue Keener, Director of Workers' Compensation. State your contract representative. The selected vendor shall assign an account manager who will have the primary responsibility for interacting with the State's Contract Administrator and also be responsible for resolving any issues relative to the ongoing operation of this contract. The Account Manager shall be at a level within the organization to be able to make decisions on behalf of the vendor and effect changes that will be upheld by the vendor without incurring delays. All contract, policy and procedure issues involving this contract shall be the responsibility of the State's Contract Administrator and the Vendor's Account Manager to resolve.
- 3.4.4 Key Personnel: The State reserves the right to approve the Contractor's assignment of Key Personnel to this project and to recommend reassignment of personnel deemed unsatisfactory by the State. The Contractor shall not remove or reassign, without the State's prior written approval, any of the Key Personnel until such time as the Key Personnel have completed all of their planned and assigned responsibilities in connection with performance of the Contractor's obligations under this Contract. The Contractor agrees that the continuity of Key Personnel is critical and agrees to the continuity of Key Personnel. Removal of Key Personnel without the written consent of the State may be considered by the State to be a material breach of this Contract. The prohibition against removal or reassignment shall not apply where Key Personnel must be replaced for reasons beyond the reasonable control of the Contractor including but not limited to illness, disability, resignation or termination of the Key Personnel's employment.
- A. The State and the Contractor agree that the following personnel are full time, 100% dedicated Key Personnel for purposes of this Contract:
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| ▪ Account Manager | ▪ WC Program Assistant |
| ▪ Claims Manager | ▪ IT Manager |
| ▪ Clinical Manager | ▪ Return to Work Manager |
| ▪ Disability Coordinator | ▪ Loss Control Manager |
| ▪ Medical and Vocational Services Mgr. | ▪ Others as Agreed Upon by State and Contractor |
- 3.4.5 Audits: The Commonwealth of Virginia will require the Contractor to submit to a SAS 70 audit and other financial and performance audits from outside companies to assure both the financial viability of the workers' compensation claims management programs and the operational viability. These audits will

require the Contractor to provide any assistance, claim file access, information system access, staff access, and space access to the party selected to perform the indicated audit. These audits may be performed annually. In addition, the Auditor of Public Accounts for the Commonwealth of Virginia may choose to perform an audit based on the vendor's contractual relationship with the Commonwealth of Virginia. In such cases, the Contractor is required to provide the same support and cooperation as if the audit was being performed by a company selected by the State's Contract Administrator. In either situation, the State's Contract Administrator will be involved. The contractor agrees to implement recommendations as suggested by the audits within six months of report issuance.

- 3.4.6 Claim Aging Evaluation: The Account Manager will assure that a periodic review (at least annually) be performed on all claims over one year old. This review should include the current claim status, current medical, analysis of recent activity, recommendations for further action on the claim, and projections on the future cost of the claim. For older claims, the Account Manager shall assure that physical contact with the injured worker should be conducted annually. The analysis should segregate claims in the 1-3 year, 3-5 year, 5-10 year, and over 10 year categories, or other age groupings as agreed to between the State and Contractor. This analysis should be documented in the claim system.
- 3.4.7 Staffing: The selected vendor shall assure that there is adequate staffing to support all claims processing and support services required by the Commonwealth of Virginia. It is expected that the selected vendor will assure that caseloads for recurring and litigated claims will be consistent with industry standards as described in various industry publications. It is expected that benefit coordinators lost-time caseloads will not exceed 130 open cases. To the extent case loads are determined by the State to be in excess of that necessary to provide the services required by the State, it is expected that the State and the Contractor will meet and reach a consensus as to appropriate case loads or agree upon staff increases to assure appropriate services are provided. In the event consensus cannot be achieved, the recommendations of the State, with adequate industry data for support, will be instituted. Staffing should include account manager, claims manager, clinical manager, medical and vocational services manager, claims supervisors, benefit coordinators (claims examiners), medical only claims investigators, medical only claims processors, clerical or claims assistants, medical review technicians, a medical director or physicians, return to work coordinator, disability management coordinator, receptionist, workers' compensation program assistant, utilization review specialists, loss control/safety and training professionals, field medical and vocational rehabilitation case managers, field investigators, telephonic nurse consultants, utilization review/audit specialist, surveillance/investigators, and information systems manager. Sub-contractors may be utilized to meet these needs and duties of above-mentioned positions. Positions may be combined should it result in efficiencies.
- 3.4.8 Turnaround Times and Accuracy: The selected vendor will be required to provide services as described in the RFP on an accurate and timely basis. Claim accuracy will be defined by industry standards. It is the expectation of the

State that all claims will be processed with at least 95% accuracy. Payment accuracy must meet or exceed 99%. The time frames specified in this RFP will be minimum acceptable limits. Three-point contact shall at a minimum be made within 24 hours from the time the claim is received by the Contractor. This three-point contact shall include contact with the employee, the employing agency, and the treating provider. Other timing definitions shall be contained in the specific task descriptions contained below. All applicable State regulations regarding timely reporting and notification requirements shall be the responsibility of the Contractor on behalf of the Commonwealth of Virginia.

- 3.4.9 Litigation Coordination: The Contractor shall assure benefit coordinator's physical presence at all times as required by the Office of the Attorney General or the Purchasing Agency. Once it is apparent that a claim is going into litigation, the Contractor is responsible for notifying the appropriate division of the Attorney General, as identified by the State's contract administrator, of this fact. The specific process for this notification to occur and the forms and protocols shall be established by the Attorney General and the State's contract Administrator, and provided to the Contractor. Any disagreement with the process, documentation or the procedures will be resolved between the vendor's Account Manager and the State's Contract Administrator. The Contractor shall provide timely and accurate file documentation to the Attorney General in the form and nature defined by the Office of the Attorney General. Once a claim is in litigation, the responsibility for the claim rests with the Office of the Attorney General and the staff attorney assigned to the claim. It is the responsibility of the Contractor to provide any and all support requested by the designated Attorney General representative in an accurate and timely manner satisfactory to the Attorney General subject to agreement between the vendor's Account Manager and the State's Contract Administrator. It is anticipated that the Contractor will continue to monitor and provide supporting information for all claims in litigation.
- 3.4.10 Claim File Documentation: Claim files shall be documented accurately with all relevant information associated with the particular claim. Sections shall be established in the claim file to adequately distinguish between required documentation, Commission filings and communications, medical information, payments, litigation information, etc. Information in the claim files shall be kept current to within 24 hours of receipt. Adequate and accurate documentation is required so as to support any decisions that are being made relative to the claim. Documentation, wherever possible, shall be maintained in the claim computer system. The Contractor shall pay no bills until they have been reviewed, evaluated and determined to be causally related to the injury and covered under the Virginia Workers' Compensation Act.
- A. All claims shall be processed in accordance with the Virginia Workers' Compensation Act and policy manual policy and procedures.
 - B. The Contractor shall be delegated authority to issue payments without the Purchasing Agency approval for medical bills and indemnity payments only on any bill less than \$10,000.

- C. The Contractor shall be delegated authority to make compensability decisions on medical only claims.
- D. Claim files shall be reviewed by a supervisor and assigned the day received. At a minimum within 10 calendar days from receiving the claim there shall be case documentation requirements including but not limited to a compensability assessment, action plan, reserve analysis, medical and bill utilization review if applicable, return to work or transitional employment potential, employer information, treating provider information, and any other documentation that will assist in providing a clear and accurate picture of the true claim status. The number of days away from work and days of restricted work shall be tracked for each case after the day of injury.

3.4.11 Investigation: Investigations shall be initiated by the Contractor within **one (1) work day** of receipt of the first report of injury using the three pronged contact system (i.e., injured worker, doctor, Commonwealth location) to determine if compensability is to be acknowledged or questioned. Physician reports shall be requested immediately in those claims where medical information is needed to assist in the decision regarding compensability and/or extent of disability and liability. All appropriate documentation shall be made a part of the permanent claim file. Information shall be obtained, if applicable, from:

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| 1) Commonwealth | 4) Police |
| 2) Injured worker | 5) Physicians |
| 3) Witnesses | 6) Hospitals |

Recorded statements shall be taken from the injured worker, Commonwealth, and/or witnesses or if requested by the Commonwealth of Virginia depending upon the individual case and its individual circumstances. Recorded statements may be suggested for the following situations:

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| 1) Fatality | 7) Questionable compensability |
| 2) Heart attack | 8) Serious occupational disease |
| 3) Severe injury | 9) Cumulative trauma |
| 4) Mental disorders | 10) Factual disputes |
| 5) Possible subrogation | 11) Questionable back injuries |
| 6) Known pre-existing condition | 12) Carpal Tunnel Syndrome |

If a compensability decision cannot be made within 30 days of receipt of a first report of injury, a letter shall be sent to the employee and the human resources representative after 30 days and every 30 days thereafter notifying them of the reason for the delay. All claim denials shall be confirmed in writing and by phone with the employee and a copy of the letter will be sent to the human resource representative and the panel physician.

3.4.12 Payment of Benefits: All medical payments shall be made in accordance with Commonwealth of Virginia Workers' Compensation statutes. Invoices shall be confirmed through medical reports and other proper documentation (a copy of which will be maintained in the claim file) before they are paid. All invoices shall be approved, signed, and dated by the benefit coordinator and processed

using the Contractor's automatic adjudication system. This system, through computerized data coupled with the review by trained personnel, insures that all invoices prior to payment are reviewed for relationship to the allowed conditions in the claim, appropriateness of treatment, and are from the recognized attending physician(s). If the charges are unrelated, they shall remain unpaid and an explanation returned to the provider with reason for lack of payment.

All indemnity payments shall be made, at minimum, in accordance with the Commonwealth of Virginia Workers' Compensation statutes. Each claim, in which ongoing disability benefits are anticipated, shall be diaried on the Contractor's compensation diary system. Prior to the payment of compensation, on a regularly scheduled basis, contact shall be made with the appropriate Commonwealth of Virginia personnel to discuss same. All compensation payments shall be made only after receipt of appropriate documentation from the injured worker's recognized attending physician indicating the extent of injury, length of disability, and casual relationship of injury to the job or alleged work related incident (copy of which shall be maintained in the claim file).

If a claim has been accepted as compensable, but payment of benefits cannot be made due to lack of documentation, the injured worker shall be contacted by the Contractor by telephone and advised of the reason for the delay. If, after 30 days, a payment decision has not been reached, the Contractor shall provide information by letter to the employee and the insured Agency as to what remaining information is needed to reach a decision. All denials for payment of benefits shall be confirmed by letter.

- 3.4.13 Action Plan: All claims, other than medical only, shall have an action plan written providing the who what, why, when and how entered into the Contractor's narrative computer system or completed in memorandum form and placed in the claim file within five (5) work days of receipt of the initial report of injury. The action plan shall then be updated as circumstances dictate but at a minimum of every 60 days. The plan shall indicate the additional work anticipated (e.g., litigation, rehabilitation, surveillance, etc.) and expected time frame to complete these items.
- 3.4.14 Reserving: Workers' Compensation reserves shall be established by the Contractor within **three (3) work days** of receipt of the first report of injury, entered into the Contractor's computer system, and shall reflect the expected ultimate cost based upon all information in the file or known at the time the reserve is established. Each claim file shall contain reserve calculation sheets and/or reserve comments on the computerized narrative log relative to initial and ongoing reserves. The Purchasing Agency will play an integral part in the establishment and ongoing review of reserves. Reserves greater than \$100,000, and subsequent increases of \$100,000 shall require a large loss report and pre-approval by the Purchasing Agency.
- 3.4.15 Claims Subrogation/Recoveries/Offsets: The Contractor shall pursue recovery from all appropriate Commonwealth agencies, responsible third parties (including Anthem reimbursals on denied claims), and any contracted excess carrier, if deemed appropriate. All cases involving possible third-party liability,

second injury fund recoveries are fully investigated within 60 days of notice of accident or information indicating possible recovery.

- 3.4.16 Settlement Authority: The Contractor shall have zero settlement authority from the Purchasing Agency. This means that no offer of settlement either of a claim or arising out of a case referred to the Workers' Compensation Commission for hearing without first gaining approval from the Purchasing Agency and the Office of the Attorney General. The Contractor shall provide the Purchasing Agency with written recommendations for claim settlements, along with documentation supporting these recommendations. If approved by the Purchasing Agency, the Contractor shall submit the request to the Office of the Attorney General for final approval. The Contractor understands that during the term of the Contract performance period, there are extremely limited funds available for settlements.
- 3.4.17 Agency/Client Surveys: At various times during the term of the Contract, the Purchasing Agency will develop and circulate written surveys to agencies/clients/Office of the Attorney General statewide as a means for gauging their level of satisfaction with the services provided by the Contractor. The Contractor agrees to review survey results and comments and develop and implement plans for corrective action where required by the Purchasing Agency.
- 3.4.18 Contested Claims: All applications for hearings filed by injured workers shall be provided to the Purchasing Agency within two days of receipt. A memorandum providing the issue(s) in dispute, the contractor's recommended future plans and defense strategies, supported by case law and adequate documentation shall be provided for review and approval by the purchasing agency prior to submitting the case to the Office of the Attorney General for defense within the OAG established timeframes. All applications for hearing shall be submitted in advance to the Purchasing Agency for approval prior to filing with the Virginia Workers' Compensation Commission.
- 3.4.19 Cooperation / Assistance With OAG: The Contractor shall assist and cooperate with the Virginia Office of the Attorney General as required. The Contractor is responsible for complying with all instructions within the required time frames as required by the Office of the Attorney General including the current and any amended *Workers' Compensation Protocol*.
- 3.5 The Purchasing Agency reserves the right to have the Contractor remove from handling the Purchasing Agency's account any employee who is performing at a level which is considered unsatisfactory by the Purchasing Agency.
- 3.6 The Purchasing Agency shall reduce the amount of monthly payment to the contractor for any liquidated damages or overpayment.
- 3.7 Cash Management:
 - 3.7.1 All records (including all paid bills and invoices) shall be maintained in a secured environment and retained for the entire contract period. Cancelled checks, check copies or microfilm are to be securely stored, placed in numeric

(check number) order, and are the property of the Purchasing Agency. All records and documents shall be made available to the Purchasing Agency upon request and access to such records shall be within twenty-four hours.

- 3.7.2 The Contractor shall be responsible for complying with 1099 regulation issued by the Internal Revenue Service. Compliance shall be during the entire contract period. The Contractor shall be liable for any penalties assessed on 1099 established by the Internal Revenue Service. The Contractor shall provide the Purchasing Agency with an electronic version of the 1099 file it submits to the Internal Revenue Service.
- 3.7.3 The Purchasing Agency, Contractor, and Department of Treasury will execute a Fiscal Agent Services Agreement by June 1, 2003. The Contractor shall open a Zero Balance Checking Account at a Virginia Banking Institution from a list provided by the Virginia Department of Treasury and which is mutually agreeable to the Purchasing Agency and Contractor. The Purchasing Agency will fund the Contractor's Zero Balance Checking Account on a daily basis for the amount of checks presented for payment. The Contractor agrees to abide by the Treasurer's Fiscal Agent Services Agreement (see Attachment 4).
- 3.7.4 Contractor shall reimburse the Purchasing Agency for any payments required due to the Contractor's (1) failure to terminate benefits when the contractor **has been timely and properly notified** that an employee has returned to work, (2) penalties related to failure to pay benefits on open awards within timeframes established in 65.2-524, (3) due to **Contractor's** dishonesty or fraud, or (4) due to any duplicate payments issued by the Contractor.
- 3.7.5 Bank account reconciliations, including the bank statement, are to be complete and delivered to the Purchasing Agency, Fiscal Services Section, by the end of the subsequent month (example: April reconciliation by the end of May).
- 3.7.6 The contractor shall, for each payment made, maintain for on-line access by the Purchasing Agency the check number, check date, amount of check, payee, federal employer identification number or social security number, claim number associated with the payment, and the date the check cleared the bank.
- 3.7.7 The Purchasing Agency and the Contractor shall meet by June 1, 2003 to develop a set of financial reports to be provided by the Contractor and the frequency the Purchasing Agency will receive such reports.
- 3.7.8 Any check issued to a injured worker shall have an informational stub section that will include check number, check date, check amount, payee, claim number, date of service and name and telephone number of the benefit coordinator.
- 3.7.9 The Purchasing Agency shall conduct with the Contractor's assistance a SAS 70 annual audit report on controls placed in operation and tests of operating effectiveness specific to the services provided to the Department of Human Resource Management. This report shall be prepared by an independent certified public accountant at the expense of the Purchasing Agency.

- 3.7.10 The Purchasing Agency and its representatives, including the Auditor of Public Accounts and his designees, shall have full access to and the right to examine the accounts and records of the program and work papers of the contractor's accountants and auditors.
- 3.8 Ownership of Post Office Box: During the Contract performance period, the Purchasing Agency shall transfer ownership of P.O. Box 1140 to the Contractor (Contractor to incur all costs of ownership). The Contractor shall be responsible for providing the Purchasing Agency with mail which has been misdirected to the box.
- 3.9 Payroll Audit: The Contractor shall provide the Purchasing Agency with any requested payroll audit on an as needed basis subject to an agreed upon fee per project. The Contractor shall provide services at an hourly rate with a maximum agreed cost per project.
- 3.10 Prescription Drug, Supplies, and Medical Equipment: The contractor shall provide an easy to use prescription drug program which shall include dispensing medication for at a minimum of three days prior to claim determination. It is understood that the utilization of the pharmacy network by employees is optional and that the Contractor shall diligently and aggressively strive to reduce the cost of durable medical supplies and equipment whenever possible.
- 3.11 Medical Utilization Review: The Contractor shall assure that adequate medical staff is available to provide periodic medical case review of all open indemnity claims of state employees. This utilization review shall not only include treatment utilization, but also functional capacity utilization. It is required that a medical review be performed for any claim that is expected to be of a "long term" duration, beyond 14 days, to assure that the diagnosis, prognosis, and recommended treatment protocols are appropriate. A review of the treating provider's analysis of the employee's ability to perform other types of activities shall also be included. A methodology should also be in place to allow staff the ability to follow-up when the treating physician has not indicated a return to work date, provider's analysis of the employee's ability to perform other types of activities shall also be included. A methodology should also be in place to allow examiners the ability to follow-up when the treating physician has not indicated a return to work date.
- 3.12 Independent Medical Examinations: The Contractor shall request independent medical examinations (IMEs) when the treating physician is not cooperating or not in communication, there are only subjective complaints, there is a question of how a physician is handling a case, there is a need to substantiate medical findings, and other criteria as agreed to by the State's Contract Administrator.
- 3.13 Case Management: A medical consultant or medical case manager, defined as an employee with a relevant clinical background in nursing or medicine (RN, MD), shall be utilized at a minimum in the following situations:
- A. When an employee is not responding to treatment.
 - B. When, based upon the diagnosis and initial expected recovery period, return to work has not occurred.
 - C. When there is a lack of compliance with medical regimen.
 - D. When there is a chemical dependency.
 - E. When there is a long-term physiotherapy.

- F. When there is prescription medication dispensed long-term (over 1 year).
 - G. When physician visits are more than is typical for the type of injury/illness.
 - H. When referrals are more than typical for the type of injury/illness.
 - I. When prescriptions are more than typical for the type of injury/illness.
 - J. When the case extends substantially beyond the expected resolution date.
 - K. When the medical situation is a mix of occupational/non-occupational conditions.
 - L. When the employee and/or their support system are not capable of coordinating services, setting appointments or comprehending medical needs.
 - M. When the employee does not comply with medical treatment.
 - N. When an original injury causes a secondary health problem to occur.
- 3.14 Subrogation: The Contractor is required to review and monitor all claims which might involve third-party liability and to pursue subrogation against any and all outside parties for which this subrogation may be appropriate. The vendor must document all subrogation standard operating procedures. Contact with the State's Contract Administrator or Attorney General is recommended prior to actively pursuing a third-party situation.
- 3.15 Three Point Contact: The Contractor is required to document all attempts to contact the employee, the designated HR and/or agency supervisor (employer), and the treating provider, within 24 hours from the time the claim is received by the Contractor. The information obtained from this contact shall be accurately documented in the claim system. This information shall form the basis for any subsequent decisions relative to the compensability recommendations of the claim and shall be immediately documented in the claims system. The Contractor is responsible for making compensability decisions on medical only claims and compensability decision recommendations to the State Contract Administrator on behalf of the Commonwealth of Virginia based upon case law and the Virginia Workers' Compensation Act and relevant statutes and policies of the State.
- 3.15.1 Contact with Employees: The Contractor shall ensure contact with injured worker within 24 hours from initial receipt of the claim. As a representative of the Commonwealth of Virginia, contact with employees by the Contractor shall be conducted in a polite and professional manner. Benefit Coordinators or other representatives of the Contractor who fail to conduct themselves in a manner deemed appropriate by the Commonwealth of Virginia shall be removed from the State account. Specific standards for this evaluation, based on customer surveys conducted by the Contractor and the State will be used to evaluate the Contractor's representatives. The Account Manager and Contract Administrator will establish specific evaluation criteria. The Contractor shall assist the Commonwealth of Virginia in developing informational material that informs the employee of their rights under the State's workers' compensation programs and shall assure that information is readily provided to assist employees at times specified by the Purchasing Agency. A toll-free number should be established to allow for toll-free claim reporting and separately for toll-free inquiry and information.
- 3.15.2 Contact with Designated Departmental Representative: The Contractor (CONTRACTOR) shall contact the department representative within 24 hours of the receipt of claim. The CONTRACTOR will verify the collected information and obtain Transitional Employment information and provide timely notice to

the employee's supervisor. This communication is expected to be on going throughout the process of the claim.

- 3.15.3 Contact with the Health Care Provider (HCP): The CONTRACTOR shall contact the treating provider within 24 hours. The CONTRACTOR will collect medical and estimated return to work date and physical capability information. The CONTRACTOR shall share with the health care Provider Transitional Employment position description information, when available.
- 3.16 Return to Work: The Commonwealth of Virginia is active in pursuing return-to-work efforts through its disability management program. Initial claims review includes medical evaluation and review (performed by the Contractor's medical review personnel), transitional employment, departmental return-to-work, and external placement. The disability management model used by the Commonwealth of Virginia has four primary components.
- 3.16.1 Case Management: The Commonwealth of Virginia is promoting case management in each agency throughout state government. Each agency typically has a return to work coordinator who is designated as the individual agency representative responsible for managing the agency's return to work policy. It is the responsibility of the Contractor to assure that all efforts are made to assist the agency personnel and, when requested, to participate when possible in any case management meetings reasonably scheduled by the agency.
- 3.16.2 Rehabilitation: The Commonwealth of Virginia supports and promotes the use of rehabilitation services as a means to enhance a injured worker's ability to return to work in a more expeditious manner. The Contractor shall support this rehabilitation philosophy and provide the necessary contact and support with the rehabilitation providers to assure that state employees receive the most beneficial rehabilitation services possible consistent with their specific disability situations. The cost of these rehabilitation services shall be included in the monthly charge.
- 3.16.3 Return-To-Work: The return-to-work component is a process whereby the employing department attempts to identify areas within the employee's existing department where the employee can return to work, with or without accommodation. The Contractor is required to work with departmental case managers in an attempt to promote this return to work effort, and to assure that the information and documentation necessary to assist case managers is readily available in the claim file. If the department is unable to place the employee back in the department, a referral is made to the state's interdepartmental placement team. It is required that the Contractor provide staff assistance, as requested, to the interdepartmental placement team, and assure that accurate, timely and appropriate claim file information is available for use by the team.
- 3.16.4 Transitional Employment: The Commonwealth of Virginia is implementing transitional employment throughout state government. This process includes the identification and development of tasks into temporary assignments which employees are placed into for limited periods of time. These transitional

assignments are intended to be temporary and under normal circumstances, the entire transitional employment process will not exceed 90 to 120 days. The Contractor is also required to assist and support the state in further enhancement and development of further transitional employment efforts. As a part of the initial referral or follow up, when available, all appropriate transitional employment descriptions and physical job requirements will be forwarded to the health care provider for their medical return to work recommendation.

- 3.17 Documentation Ownership: All claim files and documentation associated with all claim files shall remain the property of the Commonwealth of Virginia. Any software developed by the Contractor utilizing funds provided under this contract will become the property of the Commonwealth of Virginia. Any capital equipment purchased utilizing funds provided under this contract shall remain the property of the Commonwealth of Virginia.
- 3.18 Freedom of Information Act: The Freedom in Information act applies to information prepared by the Commonwealth of Virginia and which is a form, electronic or hard copy, available for reproduction. Reports need not be created, nor are draft notes or draft documents accessible under the Freedom of Information Act. Any and all requests for information under the Freedom of Information Act which relate to files or data maintained by the Contractor on behalf of the Commonwealth of Virginia, shall be directed to the State's Contract Administrator for proper disposition.
- 3.19 Records:
 - 3.19.1 No original bill or claim file shall leave the premises of the Department of Human Resource Management Office of Workers' Compensation without prior written approval from the Purchasing Agency.
 - 3.19.2 All claims records and all information relating to claims shall remain the property of the Commonwealth of Virginia, whether in hard copy or electronic form. The Commonwealth shall have access at all times and without prior notice to the contractor. The Commonwealth shall whenever possible give the Contractor a reasonable time to produce the file or locate the computer data.
 - 3.19.3 The Commonwealth shall have access to all of the contractors' hard files and all computer files relating to the Purchasing Agency including drafts and working documents at all times and without prior notice to the contractor. The Commonwealth shall whenever possible give the Contractor a reasonable time to produce the file or locate the computer data.
 - 3.19.4 The vendor must comply with all legislated medical information privacy regulations.
 - 3.19.5 The Contractor, may request authority to image records or archive claims files at a secure site subject to Purchasing Agency approval. Any associated cost will be borne by the Contractor.
- 3.20 Records Retention: The Contractor will be required to maintain all claims, financial and accounting records and evidence pertaining to the Contract in accordance with generally accepted principles of accounting and other procedures specified by the Commonwealth

of Virginia. Financial and accounting records shall be made available, upon request, to the Commonwealth of Virginia, its designees, or the Virginia Auditor of Public Accounts at any time during the Contract period and any extension thereof, and for three (3) years from the expiration date and final payment on the Contract or extension thereof.

- 3.21 State Reporting Requirements: All reporting requirements contained in the Virginia Workers' Compensation Act, Insurance Regulations, other State Statutes, Federal Legislation, or State Directives shall be the responsibility of the Contractor on behalf of the Commonwealth of Virginia.
- 3.22 Loss Control and Safety – The State may be interested in procuring these services during the contract period. The Commonwealth of Virginia is promoting safety and loss control throughout state agencies and departments. The Contractor shall be responsible for reviewing and analyzing necessary statistics to support loss control/safety training and consulting services. Contractor shall be responsible for developing loss control/safety educational, training, promotional material designed to reduce and/or eliminate injuries/illnesses from identified causes. These services shall include, but not be limited to safety risk analysis, safety training, ergonomic training, OSHA training, safety supervisor training, technical analysis and support, safety materials, and other similar types of safety services. Any loss control/safety consulting or training and promotional material/efforts shall be included in the monthly fee under this contract.
- 3.22.1 The contractor will carry out this project under the direction and control of the Contract Administrator and the DHRM Office of Workers' Compensation's Loss Control Specialist.
- 3.22.2 Monthly meetings will be conducted with the contractor's project manager or designee for the purpose of reviewing progress and providing necessary guidance to the contractor in solving problems, which arise. In addition, there will be ongoing communication with the contract team.
- 3.22.3 As agreed upon by the respective contract administrators, the contractor will submit written summaries of progress outlining the work accomplished during the reporting period; work to be accomplished during the subsequent reporting period; problems, real or anticipated, which should be brought to the attention of the State's Contract Administrator; and notification of any significant deviation from previously agreed-upon work plans.
- 3.22.4 For each semi-annual period, the Contractor shall prepare a metric report, which provides a baseline report for analysis of loss prevention and loss reduction program effectiveness. The report will include the following: department/agency code, claim type, number of claims, incident rate, lost days/days away from work, restricted days of work, lost day/restricted days rate, closed claims, closed claim rate, median closed claim duration, total closed claim cost, average closed claim cost, nature of injury and number of each, average duration, average cost, total cost, and projected incident and severity rates, by designated organizational level.
- 3.23 Training and Education: For all training to be provided by the Contractor, the Purchasing Agency reserves the right to pre-approve all training topics. Training/education may include but not limited to:

- 3.23.1 At the annual Department of Human Resource Conference and Annual Safety Day, the Contractor's staff shall conduct loss control training modules for the full duration of the event.
- 3.23.2 The Contractor's staff shall provide a minimum of one (1) OSHA 30 hour general industry programs per year, two (2) OSHA 10 hour general industry programs per year, and 10 hours a month of other training programs at locations and times specified by the Purchasing Agency.
- 3.23.3 Regional educational training shall be offered annually by the Contractor in Tidewater, Richmond, Southwest Virginia, Northern Virginia and Roanoke at least annually. The Purchasing Agency reserves the right to pre-approve topics. At a minimum the topics shall include (1) the role of the physician, (2) the benefits to the employer and employee of the panel, (3) the process to add a panel doctor, (4) the complaint, inquiry appeal process, (5) role of rehabilitation and medical management in reducing costs of claims, (6) benefits to the employer of return to work programs, (7) role of the employer and nurse in the rehabilitative process, (8) the strategy of medical and vocational placement activities, (9) the complaint, inquiry appeals process, (10) the basic theories and importance to agencies of loss control and, (11) workers' compensation policies and procedures.
- 3.23.4 The Contractor shall develop and provide a series of specialized loss control educational seminars and technical training sessions. The Contractor will not be responsible for making classroom arrangements but shall be responsible for photocopying of participant handouts and other classroom materials. The Contractor shall be responsible for development of a flier or letter of invitation providing general information on the course 45 calendar days prior to the date of the course.
- 3.23.5 The Contractor shall provide on-site database reporting training at the Purchasing Agency's location for up to 12 people at a mutually agreed upon time and date before July 1, 2003. At a minimum, training material shall include information on how to use the system, provide a report users manuals for all attendees which shall contain detailed instructions on producing reports.
- 3.23.6 The Contractor shall provide mini-orientation sessions for agency Human Resource personnel upon request of the Purchasing Agency.
- 3.24 Claims Procedure Manual: The Contractor shall provide a copy of their Virginia Workers' Compensation Claims Procedures Manual which complies with the Workers' Compensation Act. The Manual shall be submitted to the Purchasing Agency for review and approval by July 1, 2003. Any modifications to the procedures must be received in draft form for review and approval by the Purchasing Agency a minimum of 30 calendar days before the scheduled implementation date.
- 3.25 Financial Policies and Procedures: By July 1, 2003 the Contractor shall develop financial policies and procedures for review and approval by the Purchasing Agency. Financial policies and procedures will include, but will not be limited to, financial reporting, bank reconciliations, segregation of duties and check processing. Any

modifications to the procedures must be received in draft form for review and approval by the Purchasing Agency a minimum of 30 calendar days before the scheduled implementation date. The Contractor is responsible for ensuring that their internal operating procedures establish and maintain appropriate internal controls.

- 3.26 Preferred provider organization ("PPO"): The Contractor shall provide a copy of their PPO Credentialing and Re-credentialing Guidelines which shall be an integral part of the Contract. The Contractor shall provide the Purchasing Agency with any revisions to the Credentialing and Re-credentialing Guidelines within 30 days of implementation.

It is understood that utilization of the PPO network shall be at the option of the individual State agencies.

- 3.26.1 The Contractor shall review and make a determination on adding requested providers to the network within 90 calendar days of receiving a written request from a State agency, or provide the Purchasing Agency with a letter of explanation if a physician failed to provide information within the timeframe required. The Contractor shall then provide a written determination to the requesting State agency, along with a copy to the Purchasing Agency, within 3 working days of completing the determination. Approved additional providers shall be added to the PPO by the Contractor within 30 calendar days of completing the determination.
- 3.26.2 The Contractor shall distribute to all covered state agencies the most current Preferred Provider Organization ("PPO") Directory by July 1, 2003.
- 3.26.3 The Contractor shall provide PPO information updates for the DHRM OWC web site within 30 calendar days of completing the determination described in paragraph 3 above. The Contractor shall mail PPO directories to 600 Cost Containment Program clients annually, with the first mass mailing to occur not later than July 1, 2003.
- 3.26.4 Upon request, the Contractor shall provide any State agency with 3 recommended panel physicians on a postable panel document.

3.27 Utilization of State Facilities:

- 3.27.1 Parking: The Contractor's staff working in the DHRM/Office of Workers' Compensation offices may be provided with parking if such parking is available through the Department of General Services. The amount charged by the Purchasing Agency to the Contractor shall be equal to the amount billed by the Department of General Services. As of this date, the rate is \$35.00 per month. The Purchasing Agency shall reduce the monthly payment to the Contractor by the monthly parking amount.
- 3.27.2 Office Space: The Purchasing Agency will charge the Contractor for any floor space utilized by the Contractor in the performance of the Contract at the rate charged by the Department of General Services. In the event of Contract renewal, the floor space charge per square foot will be adjusted to equal the same rate(s) charged by the Purchasing Agency to other James Monroe Building tenants as of the effective date of renewal. The Purchasing Agency

shall reduce the monthly payment to the Contractor by the monthly rent amount. No modifications shall be made to the layout, offices, or workstations without the approval of the Purchasing Agency. All additions, modifications, and changes shall become the property of the Purchasing Agency upon termination of this contract.

- 3.27.3 Conference Rooms: The Contractor's staff may schedule use of the conference rooms as available at no charge.
- 3.27.4 Furniture and Fixtures: The Contractor's staff may utilize the Purchasing Agency's office furniture that were utilized by the program's prior contractor at no additional charge. Other than normal wear and tear, the Contractor shall be responsible for repairing and/or replacing furniture that is damaged through fault of the Contractor's staff.
- 3.27.5 Copy Center: The Contractor must use the Purchasing Agency's copying facilities. The Contractor shall pay the Purchasing Agency the full cost for such use and the Contractor and Purchasing Agency shall prepare a written agreement in advance of such use, specifying the estimated extent of use, cost allocation procedures for actual use and method of billing and payment. Such agreement shall be implemented accordingly.
- 3.27.6 Business Attire: The Contractor agrees to follow the Purchasing Agency's dress code.
- 3.28 State holidays: The Contractor agrees to provide identical work hours and identical holidays as are provided to Purchasing agency's employees.
- 3.29 Direct File Charges: The following, which shall be applicable throughout the term of the Contract, are direct file charges and shall not be included in the Contractor's monthly billing:
 - Drugs, Supplies and Medical Equipment
 - Surveillance Services
 - Investigation Services
 - Expert Witnesses
 - Home Health Care

4.0 PROPOSAL PREPARATION AND SUBMISSION REQUIREMENTS:

- 4.1 All proposals must be responsive to both the task descriptions and contractual requirements contained herein. Proposals, which are deemed to be non-responsive, may not be considered. Proposals must be typed. An original and five (5) copies shall be delivered in a sealed box, and labeled as a proposal, with the words "Do Not Open"

prominently displayed on the box. Proposals must be received no later than 2:00 p.m., E.S.T., as determined by the Department in its sole discretion, on Tuesday, March 11, 2003 by:

Mr. William G. Gregory
Department of Human Resource Management
James Monroe Building, 13th Floor
101 North 14th Street
Richmond, Virginia 23219

Each copy of the proposal should be contained in a single volume where practical. All documentation submitted with the proposal should be contained in that single volume.

- 4.2 Ownership of all data, materials and documentation originated and prepared for the Department pursuant to the RFP shall belong exclusively to the Department and be subject to public inspection in accordance with the Virginia Freedom of Information Act. Trade secrets or proprietary information submitted by an Offeror shall not be subject to public disclosure under the Virginia Freedom of Information Act; however, the Offeror must invoke the protections of Section 2.2-4342 of the Code of Virginia, in writing, at the time the data or other material is submitted. The written notice must specifically identify the data or materials to be protected and state the reasons why protection is appropriate. The proprietary or trade secret material submitted must be identified by some distinct method such as highlighting or underlining and must indicate only the specific words, figures, or paragraphs that constitute trade secret or proprietary information. The classification of an entire proposal document, line item prices and/or total proposal prices as proprietary or trade secrets is not acceptable and will result in rejection of the proposal.

The Department, in its sole discretion, may not consider proposals with unduly broad requests for protection against disclosure.

4.3 MODIFICATION OF PROPOSALS

Any changes, amendments or modifications of an Offeror's proposal prior to the deadline for receipt of proposals must be in writing and submitted in the same manner as the original proposals. All modifications must be labeled conspicuously as a change, amendment, or modification of the previously submitted proposal. Changes, amendments, or modifications of proposals will not be considered after the deadline for receipt of proposals, except when modifications are requested by the Department.

4.4 ORAL PRESENTATION

Offerors who submit a proposal in response to this RFP may be required to give an oral presentation of their proposal to the Department. This provides an opportunity for the Offeror to clarify or elaborate on the proposal. This is a fact finding and explanation session only and does not include negotiation. The Department will schedule the time and location of these presentations. Oral presentations are an option of the Department and may or may not be conducted.

4.5 INQUIRIES CONCERNING THE RFP

Any communication concerning this RFP or any resulting contracts must be addressed in writing to:

Mr. William G. Gregory
Department of Human Resource Management
James Monroe Building, 13th Floor
101 North 14th Street
Richmond, Virginia 23219
Fax Number: (804) 225-2790

4.6 PUBLIC INSPECTION OF PROCUREMENT RECORDS

Proposals will be subject to public inspection only in accordance with Section 2.2-4342 of the Code of Virginia.

4.7 CLARIFICATION OF PROPOSAL INFORMATION

The Department reserves the right to request verification, validation or clarification of any information contained in any of the proposals. This clarification may include checking references and securing other data from outside sources, as well as from the Offeror.

4.8 REFERENCE TO OTHER MATERIALS

The Offeror cannot compel the Department to consider any information except that which is contained in its proposal, or which is offered in response to a request from the Department. The Offeror should rely solely on its proposal. The Department, however, reserves the right, in its sole discretion, to take into consideration its prior experience with Offerors and information gained from other sources.

4.9 OPTIONAL PRE-PROPOSAL CONFERENCE

An optional pre-proposal conference will be held at 9:00 a.m. on Monday, February 10, 2003, in the James Monroe Building, Main Lobby, Conference Room B, 101 North 14th Street, Richmond, Virginia. The purpose of this conference is to allow potential Offerors an opportunity to present questions and to obtain clarification relative to any facet of this procurement.

It is requested that any known questions regarding the RFP be forwarded to William G Gregory prior to date of conference to facilitate the conference. E-Mail bgregory@dhrm.state.va.us or Fax (804) 225-2790.

While attendance at this conference will not be a prerequisite to submitting a proposal, offerors who intend to submit a proposal are encouraged to attend. Offerors should bring a copy of this RFP to the conference. Any changes resulting from this conference will be issued in a written addendum to the RFP. Attendance at the conference will be documented by the representative's signature on the attendance roster.

Anyone desiring a copy of any amendments issued to this RFP including questions and answers arising from the Offerors' conference shall fax a request providing name, firm, address, telephone and fax number to William G. Gregory at (804) 225-2790.

4.10 TIMETABLE

RFP Published	January 31, 2003
Optional Pre-Proposal Conference	February 10, 2003
Proposals Due, 2:00 P.M.	March 11, 2003
Notice of Intent to Award	April 11, 2003

4.11 SPECIFIC REQUIREMENTS

Proposals should be as thorough and detailed as possible so that DHRM/OWC may properly evaluate your capabilities to provide the required services. Offerors are required to submit the following items as a complete proposal:

- 4.12 Offeror shall execute the face sheet of this RFP and return same with the proposal.
- 4.13 An original proposal and five copies are required.
- 4.14 Offeror must answer all questions, address all issues, and furnish all of the information required in Section 3, Statement of Needs.
- 4.15 Offeror must answer all questions, address all issues, and furnish all of the information required in Attachment One and Attachment Two.

PLEASE NOTE THAT THE OFFEROR'S ADHERENCE TO THE FORM OF RESPONSE REQUESTED BY THIS RFP MAY BE USED TO MEASURE THE CAPABILITY OF THE OFFER.

5.0 DELIVERABLES

- 5.1 The Contractor shall deliver only those services resulting from this RFP which are mutually agreed upon by the Department and the Contractor. The Department will accept and pay only for those services which meet the quality standards required by the contract and which have been fully rendered.

5.2 REPORTS

5.2.1 UTILIZATION OF SMALL BUSINESSES AND BUSINESSES OWNED BY WOMEN AND MINORITIES

- A. Periodic Progress Reports/Invoices. Within sixty days of each six months' operation under this contract, disclose the actual dollars contracted to be spent to-date with such businesses, and the total dollars planned to be contracted with such businesses on this contract. This information shall be provided separately for small businesses, women-owned businesses and minority-owned businesses.

- B. Final Actual Involvement Report: The Contractor will submit, prior to completion of the contract and prior to final payment, a report on the actual dollars spent with small businesses, women-owned and minority-owned businesses during the performance of this contract. At a minimum, this report shall include for each firm contracted with and for each such business class (i.e., comparison of the total actual dollars spent on this contract with the planned involvement of the firm and business class as specified in the proposal, and the actual percent of the total estimated contract value. A suggested format is as follows:

Business Class: Small, Women-Owned or Minority-Owned

<u>FIRM NAME, ADDRESS AND PHONE NUMBER</u>	<u>TYPE GOODS/ SERVICES</u>	<u>ACTUAL DOLLARS</u>	<u>PLANNED DOLLARS</u>	<u>%OF TOTAL CONTRACT</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
TOTALS FOR BUSINESS CLASS		_____	_____	_____

6.0 EVALUATION AND AWARD CRITERIA

- 6.1 Responses to this RFP will be evaluated on how well the offeror's proposal responds to the needs of the Commonwealth of Virginia. A number of factors will be considered in making this evaluation.

The Criteria weights are as follows:

10%	Qualifications and experience of Offeror in providing the services
10%	References
40%	Specific plans/approach to performing the services.
5%	Participation of small, women-owned and minority owned businesses, and planned utilization of same in the performance of this contract
20%	Price
15%	Performance Guarantees

- 6.2 The written proposal should indicate the ability of the offeror to understand the problem, meet the terms of the program, assure quality, and reflect projects the contractor has recently conducted similar to that described in the RFP. Special attention will be given to the completeness of the response to Information Required from Offerors, Questionnaire Responses, and Financial Response and Performance Guarantees.
- 6.3 The written proposal should indicate the offeror's ability to provide a plan for accomplishing the work. The plan should include a detailed narrative description of how the offeror will accomplish the objectives and tasks including a time related display showing events. The marketing, seminar presentations, marketing material and staff to

conduct the marketing should be included as part of the implementation work plan. Also indicate the estimated time required of state resources.

- 6.4 The written proposal should indicate the competence of personnel whom the offeror intends to assign to the project. Qualifications will be measured by education and experience, with particular reference to experience on projects similar to that described in the RFP. Emphasis will be placed upon the qualifications of offeror's Project Manager and the Manager's dedicated management time as well as that of other key personnel working on this project.
- 6.5 Resumes shall include detailed, chronological work experience, including name and phone number of person or persons we may contact from each project or work assignment. Proposals containing false or misleading statements, or which provide references that do not support an attribute or condition claimed by the offeror, may be rejected. If in the opinion of the State, such condition to mislead the State in its evaluation of the proposal, and the attribute, condition of capability as a requirement of this proposal, the proposal shall be rejected.
- 6.6 Site visits and interviews may also be conducted for those offerors whose proposals are believed to be the strongest responses to the RFP, and that are determined to be the best in terms of meeting the needs of the Commonwealth of Virginia. The result of the RFP evaluation process, possible site visits and interviews will be utilized to recommend a contract award to the offeror that the State believes is most responsive to the needs of the Commonwealth of Virginia.

7.0 CONFIDENTIALITY OF DATA AND INFORMATION

- 7.1 All financial, statistical, personnel, technical and other data and information relating to the State's operation which are designated confidential by the State and made available to the Contractor in order to carry out this Contract, or which become available to the Contractor in carrying out this Contract, shall be protected by the Contractor from unauthorized use and disclosure through the observance of the same or more effective procedural requirements as are applicable to the State. The identification of all such confidential data and information as well as the State's procedural requirements for protection of such data and information from unauthorized use and disclosure shall be provided by the State in writing to the Contractor. If the methods and procedures employed by the Contractor for the protection of the Contractor's data and information are deemed by the State to be adequate for the protection of the State's confidential information, such methods and procedures may be used, with the written consent of the State, to carry out the intent of this section.
- 7.2 The Contractor shall not be required under the provisions of this section to keep confidential, (1) information generally available to the public, (2) information released by the State generally, or to the Contractor without restriction, (3) information independently developed or acquired by the Contractor or its personnel without reliance in any way on otherwise protected information of the State. Notwithstanding the foregoing restrictions, the Contractor and its personnel may use and disclose any information which it is otherwise required by law to disclose, but in each case only after the State has been so notified, and has had the opportunity, if possible, to obtain reasonable protection for such information in connection with such disclosure.

8.0 REMEDIES FOR BREACH OF CONFIDENTIALITY

The Contractor acknowledges that a breach of its confidentiality obligations as set forth in this Contract, shall be considered a material breach of the Contract. Furthermore the Contractor acknowledges that in the event of such a breach the State shall be irreparably harmed. Accordingly, if a court should find that the Contractor has breached or attempted to breach any such obligations, the Contractor will not oppose the entry of an appropriate order restraining it from any further breaches or attempted or threatened breaches. This remedy shall be in addition to and not in limitation of any other remedy or damages provided by law.

9.0 DISCLOSURE OF LITIGATION

- 9.1 The Contractor shall notify the State in its proposal, if it, or any of its subcontractors, or their officers, directors, or key personnel under this Contract, have ever been convicted of a felony, or any crime involving moral turpitude, including, but not limited to fraud, misappropriation or deception. Contractor shall promptly notify the State of any criminal litigation, investigations or proceeding which may have arisen or may arise involving the Contractor or any of the Contractor's subcontractor, or any of the foregoing entities' then current officers or directors during the term of this Contract and three years thereafter.
- 9.2 The Contractor shall notify the State in its proposal, and promptly thereafter as otherwise applicable, of any civil litigation, arbitration, proceeding, or judgments that may have arisen against it or its subcontractors during the five years proceeding its bid proposal, or which may occur during the term of this Contract or three years thereafter, which involve (1) products or services similar to those provided to the State under this Contract and which either involve a claim in excess of \$250,000 or which otherwise may affect the viability or financial stability of the Contractor, or (2) a claim or written allegation of fraud by the Contractor or any subcontractor hereunder, arising out of their business activities, or (3) a claim or written allegation that the Contractor or any subcontractor hereunder violated any federal, state or local statute, regulation or ordinance. Multiple lawsuits and or judgments against the Contractor or subcontractor, in any amount less than \$250,000 shall be disclosed to the State to the extent they affect the financial solvency and integrity of the Contractor or subcontractor.
- 9.3 All notices under subsection 9.1 and 9.2 herein shall be provided in writing to the State within fifteen business days after the Contractor learns about any such criminal or civil investigations and within fifteen days after the commencement of any proceeding, litigation, or arbitration, as otherwise applicable. Details of settlements, which are prevented from disclosure by the terms of the settlement, shall be annotated as such. Semi-annually, during the term of the Contract, and thereafter for three years, Contractor shall certify that it is in compliance with this Section. Contractor may rely on similar good faith certifications of its subcontractors, which certifications shall be available for inspection at the option of the State.

9.4 Assurances - In the event that such investigation, litigation, arbitration or other proceedings disclosed to the State pursuant to this Section, or of which the State otherwise becomes aware, during the term of this Contract, causes the State to be reasonably concerned about:

9.4.1 the ability of the Contractor or its subcontractor to continue to perform this Contract in accordance with its terms and conditions, or whether the Contractor or its subcontractor in performing services is engaged in conduct which is similar in nature to conduct alleged in such investigation, litigation, arbitration or other proceedings, which conduct would constitute a breach of this Contract or violation of Virginia or Federal law, regulation or public policy, then the Contractor shall be required to provide the State all reasonable assurances requested by the State to demonstrate that: (a) the Contractor or its subcontractors hereunder will be able to continue to perform this Contract in accordance with its terms and conditions, (b) the Contractor or its subcontractors will not engage in conduct in performing services under this Contract which is similar in nature to the conduct alleged in any such litigation, arbitration or other proceedings.

The Contractor's failure to fully and timely comply with the terms of this section, including providing reasonable assurances satisfactory to the State, may constitute a material breach of this Contract.

10.0 RIGHT TO OWNERSHIP

All data, materials, documentation and other things prepared or acquired by the CONTRACTOR for this contract shall belong exclusively to the state. This includes, but is not limited to, standard operating procedures, claims data, plan performance data, process flowcharts, quality assurance findings, audit findings, and the proposal itself. The state shall also own and retain intellectual property rights covering technology developed as part of the services described herein. Any capital equipment purchased utilizing funds provided under this contract shall remain the property of the Commonwealth of Virginia.

11.0 GENERAL TERMS AND CONDITIONS

11.1 VENDOR'S MANUAL

This solicitation is subject to the provisions of the Commonwealth of Virginia Vendor's Manual and any revisions thereto, which are hereby incorporated into this contract in their entirety. A copy of the manual is normally available for review at the Department's office on the 13th floor of the James Monroe Building. In addition, a copy can be obtained from the Department of General Services' Division of Purchases and Supply by calling (804) 786-3842.

11.2 APPLICABLE LAWS AND COURTS

This solicitation and any resulting contract shall be governed in all respects by the laws of the Commonwealth of Virginia, and any litigation with respect thereto shall be brought in the courts of the Commonwealth. The Contractor shall comply with all applicable federal, state, and local laws, rules, and regulations.

11.3 ANTI-DISCRIMINATION

By submitting their proposals, Offerors certify to the Commonwealth that they will conform to the provisions of the Federal Civil Rights Act of 1964, as amended, as well as the Virginia Fair Employment Contracting Act of 1975, as amended, where applicable, the Virginians with Disabilities Act, the Americans with Disabilities Act, and Section 11-51 of the Virginia Public Procurement Act.

In every contract over \$10,000 the provisions in 1 and 2 below apply:

11.3.1 During the performance of this contract, the Contractor agrees as follows:

- A. The Contractor will not discriminate against any employee or applicant for employment because of race, religion, color, sex or national origin, or disabilities, except where religion, sex or national origin is a bona fide occupational qualification reasonably necessary to the normal operation of the Contractor. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.
- B. The Contractor, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, will state that such Contractor is an equal opportunity employer.
- C. Notices, advertisements, and solicitations placed in accordance with federal law, rule, or regulation shall be deemed sufficient for the purpose of meeting these requirements.

11.3.2 The Contractor will include the provisions of 1 above in every subcontract or purchase order over \$10,000, so that the provisions will be binding upon each sub contractor or vendor.

11.4 ETHICS IN PUBLIC CONTRACTING

By submitting their proposals, Offerors certify (1) that their proposals are made without collusion or fraud and that they have not offered or received any kickbacks or inducements from any other Offeror, supplier, manufacturer, or sub contractor in connection with their proposal, and (2) that they have not conferred on or promised, any public employee having official responsibility for this procurement transaction, any payment, loan, subscription, advance, deposit of money, services, or anything of more than nominal value, unless consideration of substantially equal or greater value was exchanged.

11.5 IMMIGRATION REFORM AND CONTROL ACT OF 1986

By submitting their proposals, Offerors certify that they do not and will not, during the performance of this contract, employ illegal alien workers or otherwise violate the provisions of the federal Immigration Reform and Control Act of 1986.

11.6 DEBARMENT STATUS

By submitting their proposals, Offerors certify that they are not currently debarred by the Commonwealth of Virginia from submitting proposals for the type of goods or services covered by this solicitation, nor are they an agent of any person or entity that is currently so debarred.

11.6 ANTITRUST

By entering into a contract, the Contractor conveys, sells, assigns, and transfers to the Commonwealth of Virginia all rights, title, and interest in and to all causes of the action it may now have or hereafter acquire under the antitrust laws of the United States and the Commonwealth of Virginia, relating to the particular goods or services purchased or acquired by the Commonwealth of Virginia under said contract.

11.7 MANDATORY USE OF STATE FORM AND TERMS AND CONDITIONS

Failure to submit a proposal on the official state form provided for that purpose may be a cause for rejection of the proposal. Modification of or additions to the General Terms and Conditions of the solicitation may be cause for rejection of the proposal; however, the Commonwealth reserves the right to decide, on a case by case basis, in its sole discretion, whether to reject such a proposal.

11.8 CLARIFICATION OF TERMS

If any prospective Offeror has questions about the specifications or other solicitation documents, the prospective Offeror should contact William G. Gregory in writing no later than five working days before the due date. Any revisions to the solicitation will be made only by addendum issued by the Department.

11.9 PAYMENT

11.9.1 To Prime Contractor:

- A. Invoices for items ordered, delivered and accepted shall be submitted by the Contractor directly to the payments address shown on the purchase order/contract. All invoices shall show the state contract number and/or purchase order number; social security number (for individual Contractors) or the federal employer identification number (for proprietorships, partnerships, and corporations).
- B. Any payment terms requiring payments in less than 30 days will be regarded as requiring payment 30 days after invoice or delivery, whichever occurs last. This shall not affect offers of discounts for payment in less than 30 days, however.
- C. All goods or services provided under this contract or purchase order, that are to be paid for with public funds, shall be billed by the Contractor at the contract price, regardless of which public agency is being billed.
- D. The following shall be deemed to be the date of payment: the date of postmark in all cases where payment is made by mail, or the date of offset

when offset proceedings have been instituted as authorized under the Virginia Debt Collection Act.

11.9.2 To Subcontractors:

- A. A Contractor awarded a contract under this solicitation is hereby obligated:
 - (1) To pay the subcontractor(s) within seven (7) days of the Contractor's receipt of payment from the Commonwealth for the proportionate share of the payment received for work performed by the subcontractor(s) under the contract; or
 - (2) To notify the agency and the subcontractor(s) in writing, of the Contractor's intention to withhold payment and the reason.
- B. The Contractor is obligated to pay the subcontractor(s) interest at the rate of one percent per month (unless otherwise provided under the terms of the contract) on all amounts owed by the Contractor that remain unpaid seven (7) day following receipt of payment from the Commonwealth, except for amounts withheld as stated in (2) above. The date of mailing of any payment by U.S. Mail is deemed to be payment to the addressee. These provisions apply to each sub-tier Contractor performing under the primary contract. A Contractor's obligation to pay an interest charge to a subcontractor may not be construed to be an obligation of the Commonwealth.

11.10 PRECEDENCE OF TERMS

Paragraphs 11.1 - 11.10 of these General Terms and Conditions shall apply in all instances. In the event there is a conflict between any of the other General Terms and Conditions and any Special Terms and Conditions in this solicitation, the Special Terms and Conditions shall apply.

11.11 QUALIFICATIONS OF OFFERORS

The Commonwealth may make such reasonable investigations as deemed proper and necessary to determine the ability of the Offeror to perform the services and the Offeror shall furnish to the Commonwealth all such information and data for this purpose as may be requested. The Commonwealth reserves the right to inspect Offeror's physical facilities prior to award to satisfy questions regarding the Offeror's capabilities. The Commonwealth further reserves the right to reject any proposal if the evidence submitted by, or investigations of, such Offeror fails to satisfy the Commonwealth that such Offeror is properly qualified to carry out the obligations of the contract and to provide the services contemplated therein.

11.12 TESTING AND INSPECTION

The Commonwealth reserves the right to conduct any test/inspection it may deem advisable to assure supplies and services conform to the specification.

11.13 ASSIGNMENT OF CONTRACT

A contract shall not be assignable by the Contractor in whole or in part without the written consent of the Commonwealth.

11.14 CHANGES TO THE CONTRACT

Changes can be made to the Contract in any one of the following ways:

- 11.14.1 The parties may agree in writing to modify the scope of the contract. An increase or decrease in the price of the contract resulting from such modification shall be agreed to by the parties as a part of their written agreement to modify the scope of the contract.
- 11.14.2 The Department may order changes within the general scope of the contract at any time by written notice to the Contractor. Changes within the scope of the contract include, but are not limited to such things as services to be performed, the method of packing or shipment and the place of delivery or installation. The Contractor shall comply with the notice upon receipt. The Contractor shall be compensated for any additional costs incurred as the result of such order and shall give the Department a credit for any savings. Said compensation shall be determined by one of the following methods:
- A. By mutual agreement between the parties in writing; or
 - B. By agreeing upon a unit price or using a unit price set forth in the contract, if the work to be done can be expressed in units, and the Contractor accounts for the number of units of work performed, subject to the Department's right to audit the Contractor's records and/or to determine the correct number of units independently; or
 - C. By ordering the Contractor to proceed with the work and to keep a record of all costs incurred and savings realized. A markup for overhead and profit may be allowed if provided by the contract. The same markup shall be used for determining a decrease in price as the result of savings realized. The Contractor shall present the Department with all vouchers and records of expenses incurred and savings realized. The Department shall have the right to audit the records of the Contractor as it deems necessary to determine costs or savings. Any claim for an adjustment in price under this provision must be asserted by written notice to the Department within thirty (30) days from the date of receipt of the written order from the Department. If the parties fail to agree on an amount of adjustment, the question of an increase or decrease in the contract price or time for performance shall resolve in accordance with the procedures for resolving disputes provided by the Disputes Clause (paragraph 8.12) of this contract and in accordance with the disputes provisions of the Commonwealth of Virginia's Vendor's Manual. Neither the existence of claim or a dispute resolution process, litigation or any other provision of this contract shall excuse the Contractor from promptly complying with the changes

ordered by the Department or with the performance of the contract generally.

11.15 DEFAULT

In case of failure to deliver goods or services in accordance with the contract terms and conditions, the Commonwealth, after due oral or written notice, may procure them from other sources and hold the Contractor responsible for any resulting additional purchase and administrative costs. This remedy shall be in addition to any other remedies which the Commonwealth may have.

11.16 INSURANCE

By signing and submitting a bid or proposal under this solicitation, the bidder or offeror certifies that if awarded the contract, it will have the following insurance coverages at the time the contract is awarded. The bidder or offeror further certifies that the contractor and any subcontractors will maintain these insurance coverages during the entire term of the contract and that all insurance coverages will be provided by insurance companies authorized to sell insurance in Virginia by the Virginia State Corporation Commission.

INSURANCE COVERAGES AND LIMITS REQUIRED:

11.16.1 Worker's Compensation - Statutory requirements and benefits. Commonwealth of Virginia is named as additional insured.

11.16.2 Employee Liability - \$100,000

11.16.3 Commercial General Liability - \$1,000,000 combined single limit. Commercial General Liability is to include Premises/Operations Liability, Products and Completed Operations Coverage, and Independent Contractor's Liability or Owner's and Contractor's Protective Liability. The Commonwealth of Virginia must be named as an additional insured when requiring a Contractor to obtain Commercial General Liability coverage.

11.16.4 Errors and Omissions- \$1,000,000 single limit

11.17 ANNOUNCEMENT OF AWARD

Upon the award or the announcement of the decision to award a contract as a result of this solicitation, the purchasing agency will publicly post such notice on the Agency's web site, www.dhrm.state.va.us, for a minimum of 10 days.

11.18 DRUG-FREE WORKPLACE

During the performance of this contract, the contractor agrees to (i) provide a drug-free workplace for the contractor's employees; (ii) post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of controlled substance or marijuana is prohibited in the contractor's workplace and specifying the actions that will be taken against employees for violations of such prohibition; (iii) state

in all solicitations or advertisements for employees placed by or on behalf of the contractor that the contractor maintains a drug-free workplace; and (iv) include the provisions of the foregoing clauses in every subcontract or purchase order of over \$10,000, so that provisions will be binding upon each subcontractor or vendor.

For the purposes of this section, "drug-free workplace" means a site for the performance of work done in connection with a specific contract awarded to a contractor, the employees of whom are prohibited from engaging in the unlawful manufacture, sale, distribution, dispensation, possession or use of any controlled substance or marijuana during the performance of the contract.

11.19 NONDISCRIMINATION OF CONTRACTORS

A bidder, offeror, or contractor shall not be discriminated against in the solicitation or award of this contract because of race, religion, color, sex, national origin, age, or disability or against faith-based organizations. If the award of this contract is made to a faith-based organization and an individual, who applies for or received goods, services, or disbursements provided pursuant to this contract objects to the religious character of the faith-based organization from which the individual receives or would receive the goods, services, or disbursements, the public body shall offer the individual, within a reasonable period of time after the date of his objection, access to equivalent goods, services, or disbursements from an alternative provider.

11.20 eVA BUSINESS-TO-GOVERNMENT VENDOR REGISTRATION

The eVA Internet electronic procurement solution, web site portal www.eva.state.va.us, streamlines and automates government purchasing activities in the Commonwealth. The portal is the gateway for vendors to conduct business with state agencies and public bodies.

All vendors desiring to provide goods and/or services to the Commonwealth shall participate in the eVA Internet e-procurement solution either through the eVA Basic Vendor Registration Service or eVA Premium Vendor Registration Service, and complete the Ariba Commerce Services Network registration.

11.20.1 eVA Basic Vendor Registration Service: \$25 Annual Fee plus a Transaction Fee of 1% per order received. The maximum transaction fee is \$500 per order. eVA Basic Vendor Registration Service includes electronic order receipt, vendor catalog posting, on-line registration, and electronic bidding, as they become available.

11.20.2 eVA Premium Vendor Registration Service: \$200 Annual Fee plus a Transaction Fee of 1% per order received. The maximum transaction fee is \$500 per order. eVA Premium Vendor Registration Service includes all benefits of the eVA Basic Vendor Registration Service plus automatic email or fax notification of solicitations and amendments, and ability to research historical procurement data, as they become available.

11.20.3 Ariba Commerce Services Network Registration. The Ariba Commerce Services Network (ACSN) registration is required and provides the tool used to

transmit information electronically between state agencies and vendors. There is no additional fee for this service.

Note: Vendors are strongly encouraged to register your company prior to submitting a bid or offer. Failure to register will result in your bid or offer being found non-responsive and rejected. All vendors must register in both the eVA and the Ariba Commerce Services Network Vendor Registration Systems.

12.0 SPECIAL TERMS AND CONDITIONS

12.1 COST LIMITS

The Contractor is responsible for all the costs of implementing and administering the program. The Department is responsible for ensuring that the Contractor receives payment of all fees that are established pursuant to the contract which results from this RFP. Any cost incurred by the Contractor to address the tasks and responsibilities identified in this RFP which exceeds the contractually established fees is the risk of the Contractor.

12.2 RENEWAL OF CONTRACT

This contract may be renewed by the Commonwealth for two successive one-year periods under the terms and conditions of the original contract except as stated in 1. and 2. below. Price increases may be negotiated only at the time of renewal. Written notice of the Commonwealth's intention to renew shall be given approximately 90 days prior to the expiration date of each contract period.

12.2.1 If the Commonwealth elects to exercise the option to renew the contract for an additional one-year period, the contract price for the additional one year shall not exceed the contract price of the original increased/decreased by more than the percentage increase/decrease of the services category of the CPI-W section of the Consumer Price Index of the United States Bureau of Labor Statistics for the latest twelve months for which statistics are available.

12.2.2 If during any subsequent renewal periods, the Commonwealth elects to exercise the option to renew the contract, the contract price for the subsequent renewal period shall not exceed the contract price of the previous renewal period increased/decreased by more than the percentage increased/decreased of the services category of the CPI-W section of the Consumer Price Index of the United States Bureau of Labor Statistics for the latest twelve months for which statistics are available.

12.2.3 The Contractor shall advise the Department in writing no later than 2:00 PM on the last business day before September 16th that the Contractor is willing to renew the contract on the same terms and conditions as currently in force or as modified pursuant to a request from the Department.

12.3 CANCELLATION OF CONTRACT

The Department reserves the right to cancel and terminate any resulting contract, in part or in whole without penalty, upon 90 days written notice to the Contractor. Any contract cancellation notice shall not relieve the Contractor of the obligation to deliver and/or perform on all outstanding orders issued prior to the effective date of cancellation.

12.4 PAYMENTS

The Contractor shall deliver only those services actually ordered by the Department. The Department will accept and pay only for those services which have been fully rendered. The Contractor shall invoice the Department each month for services provided during the prior month. Payment will be made by the Department within 30 days of receipt of an approved invoice by the Commonwealth's EDI payment method. Refer to Attachment Three for EDI information.

12.5 AUDITS

The Contractor shall assist the Department and the Department's auditors, who may be employees of the Department, employees of other Contractors, or agents of the Department, in the conduct of audits. This assistance shall include the provision of secure, quiet office space, including furnishings and telephones needed by the auditors.

The Contractor agrees to retain all books, records, and other documents relative to the contract which results from this RFP for five (5) years after final payment, or until the conclusion of any audit by the Commonwealth, whichever is sooner. The Department, its authorized agents, and State Auditors, shall have full access to, and the right to examine, any of the Contractor's materials relevant to the contract which results from this RFP.

12.6 CONTRACT REPRESENTATIVES

Both the Department and the Contractor shall appoint a contract representative who shall ensure that the provisions of this contract are adhered to. The Department hereby appoints the Director, Office of Workers Compensation. Currently, the position is held by Sue Keener.

12.7 CERTIFIED CORPORATE ANNUAL REPORTS

Within 120 days of the close of its fiscal year, the Contractor shall furnish to the Department an annual report of its consolidated operations. This report shall be certified by an independent auditor.

12.8 CONFIDENTIALITY OF INFORMATION

The Contractor shall treat all information utilized in its performance of the contract as confidential, personal information. The Contractor shall handle all confidential information in accordance with the Virginia Privacy Protection Act, Virginia Code Section 2.1-377 et seq.. All files, computer data bases and other records developed or maintained pursuant to the execution of the contract are the property of the Department,

and shall be delivered to the Department upon demand. The Contractor merely serves as the custodian of the files, and acts as agent for the Department in the payment for services and the performance of other assigned tasks, including assisting the Department with requests under the Virginia Freedom of Information Act.

12.9 SEVERABILITY

In the event any portion of the contract shall be determined by a court of competent jurisdiction to be invalid or unenforceable, such provision shall be deemed void and the remainder of the contract shall continue in full force and effect.

12.10 FORCE MAJEURE

Purchasing Agency shall be deemed to be in default of any of its obligations hereunder, if, and so long as, it is prevented from performing such obligations by an act of war, hostile foreign action, nuclear explosion, earthquake, hurricane, tornado, or other catastrophic natural event or act of God.

12.11 SUBCONTRACTING

The Contractor is fully responsible for all work performed under the contract. The Contractor may not assign, transfer, or subcontract any interest in the contract, without prior written approval of the Department. The Contractor shall require all subcontractors to comply with all provisions of this RFP. The Contractor will be held liable for contract compliance for all duties and functions whether performed by the Contractor or any subcontractor.

12.11 DISPUTES

In accordance with section 11-69 of the Code of Virginia, disputes arising out of the contract, whether for money or other relief, may be submitted by the Contractor for consideration by the Department. Disputes must be submitted in writing, with all necessary data and information, to the Director of the Department of Human Resource Management at the James Monroe Building, 12th Floor, 101 North 14th Street, Richmond, Virginia 23219. Disputes will not be considered if submitted later than sixty (60) days after the final payment is made by the Department under the contract. Further, no claim may be submitted unless written notice of the Contractor's intention to file the dispute has been submitted at the time of the occurrence or at the beginning of the work upon which the dispute is based. The Department shall render a final written decision regarding the dispute not more than ninety (90) days after the dispute is submitted, unless the parties agree to an extension of time. If the Department does not render its decision within 90 days, the Contractor's sole remedy will be to institute legal action, pursuant to section 11-70 of the Code of Virginia. The Contractor shall not be granted relief as a result of any delay in the Department's decision.

During the time that the parties are attempting to resolve any dispute, each party shall proceed diligently to perform its duties.

12.12 CONTRACTOR AFFILIATION

If an affiliate (as defined below in this paragraph) of the Contractor takes any action which, if taken by the Contractor, would constitute a breach of the contract, the action taken by the affiliate shall be deemed a breach by the Contractor. "Affiliate" shall mean a "parent," subsidiary or other company controlling, controlled by, or in common control with the Contractor, sub Contractor or agents of the Contractor.

12.13 TRANSFER OF FILES

If for any reason the Department decides to no longer contract with the Contractor, the Contractor agrees to transfer to the party designated by the Department, at no cost, all data, records, computer files, other files, and materials of any sort that were maintained for the Commonwealth. The Contractor agrees to assist the Department in understanding, using, and transferring all files and records, including those maintained in computer language.

12.13 ADVERTISING

In the event a contract is awarded as a result of this RFP, the Contractor shall not advertise that the Commonwealth of Virginia, or any agency or institution of the Commonwealth, has purchased, or uses its products or services.

12.15 INDEMNIFICATION

The Contractor agrees to indemnify, defend, and hold harmless the Commonwealth of Virginia, its officers, agents, and employees from any claims, damages, and actions of any kind or nature, whether at law or in equity, arising from or caused by the use of any services of any kind or nature furnished by the Contractor, provided that such liability is not attributable to the sole negligence of the Department.

ATTACHMENT ONE

OWC Claims Administration and Cost Containment Services

Questionnaire

Completion of this Questionnaire is required.

Please provide a direct response to all of the questions below and follow directions for submission of supporting attachments. Attachments should be provided, in order, following your Questionnaire responses. **Please note that Cost Proposal information must be submitted under separate cover within each proposal package.** If a given response is lengthy or responsive to more than one question, provide a brief cross-reference to an attachment (or the similar response to another question). Your responses should be contained in a loose-leaf notebook and **not be bound**. Data, especially audited data, are preferred to simple assertions. Systems' documentation, and other well organized, clear charts or exhibits may serve in lieu of narrative.

The RFP describes Tasks and the requirement thereof. Under the appropriate evaluation section below, you will be requested to affirm that you fully understand and will meet these requirements as stated. Be advised that failure to identify any deviation in response to the appropriate question constitutes a representation on the Offeror's part that the requirements will be met precisely as written. Your response must also contain any demurrals and the reasons therefore. The absence of demurrals shall constitute a representation that the Offeror will provide services and reports exactly as requested by the Department.

I. Organization & Financial Stability

1. Provide the name and address of your corporate offices and any regional or local offices involved with this account.
2. Briefly describe your organization's history and parent organizational ties, if any.
3. Please indicate any recent or anticipated changes in the offeror's corporate structure, such as mergers, acquisition, new venture capital, stock issue, etc.
4. Please provide information as to the length of time your organization has been operational in providing workers' compensation claims and cost containment services in the Commonwealth.
5. Disclose the nature of any pending judgments. Are any of the pending judgments considered material by your legal council?
6. Provide the number of customers and members/employees your organization provides workers' compensation claims administration and cost containment services.

7. Submit a copy of your organization's most recent audited financial statements.
8. If your proposal includes sub-contractors state how you will assure that certificates of insurance evidencing all required insurance coverage and limits remain in effect for all sub-contractors during the term of this contract.
9. State your willingness to add the Commonwealth of Virginia on all contractor and sub-contractor workers' compensation policies.
10. Please provide information regarding any claims against your Errors and Omissions policy as it relates to workers' compensation claims and/or cost containment services.

II. Client References

1. Provide information on five current clients using your services.

Client	Contact Name, Title, Phone #	# of employees and Length of Relationship	WC Services provided (claims, loss control case management, medical/vocational etc.)	Results (e.g. cost savings, reduced durations)
1.				
2.				
3.				
4.				
5.				

2. Do you have any clients similar to Commonwealth of Virginia in demographics, geography or claims experience? If so, please describe.
3. Are there plans to bring up other clients or prospective workers' compensation clients effective July 1, 2003? If so, please describe size, nature of business, effective date and servicing location.
4. Has anyone terminated your services in the past two years? Please identify client and explain. Do not include terminations due to mergers/acquisitions.

Client	Contact Name, Title, Phone #	# of Ees and Length of Relationship	WC Services provided (claims, loss control case management, medical/vocational etc.)	Reason for Termination
1.				
2.				

III. Specific Plans and Approach

A. Staffing/Training

1. Provide the number of employees at your proposed claims office by department.
2. Provide the resumes of those individuals who will be assigned to this client team. List their respective roles on the client team. Are there portions of your services that cannot be provided on the Purchasing Agency's premises? If so, why?
3. State your willingness to provide a team dedicated solely to the program. If not, what percentage of the team's caseload will the State represent?
4. Provide the number of clinical staff you will utilize on this contract, including nurses and doctors.
5. What is the historic turnover rate of staff (at all levels) in your organization (and any sub-contractors) being proposed for Commonwealth of Virginia?
6. What is the average caseload for your client team members?
7. What caseloads are you proposing for Commonwealth of Virginia? Please specify by claim type.
8. What is the ratio of staff to claims volume per type of claim (medical only and lost time)?
9. How many people (by position) will be assigned to Commonwealth of Virginia program? Will the team be comprised of permanent full-time employees, casual, temporary employees or a mix? Be specific as to the mix.
10. What are the minimum education/experience of staff by function/position type?
11. What training is provided for new hires? Does it include telephone skills training? Please describe. What types of educational requirements or programs are available for ongoing staff training?
12. Describe the training that will be provided to your internal staff regarding the procedures and systems configuration proposed for Commonwealth of Virginia.

B. Products and Services

1. For each of the following services listed in three below, please detail your product, any performance expectations and turn around times for work product/review/communications.
2. State whether the service will be performed by a sub-contractor relationship, if any. Provide a copy of any contract you expect your sub-contractor will be required to sign with you.
3. Claims administration services (with specific delegated authorities to be negotiated), preferred provider agreements, provider bill review, utilization review and hospital bill

audits, clinical case review, prescription drug, supplies, and apparatus program, surveillance, field investigation, loss control/safety consulting and training services, payroll classification audit, field medical and vocational placement, initial reporting/claim notification intake program, client reporting program, and communication program.

C. Initial Reporting/Claims Notification

1. What current capabilities do you have for accepting Employer's Accident Reports? Provide in detail the options that will be available to state agencies.
2. How are incoming calls distributed to staff? Are phone calls taped? Are management reports generated daily to depict the frequency, type and outcomes of calls received?
3. Once you have been notified, describe: the types of data captured; level of automated edits used to support triage decisions; types of standards used to triage the case and steps to initiate early case management intervention.
4. Describe the security measure used to protect the confidentiality of each injured workers' claims and medical data.
5. Can you provide automatic and electronic reporting of State forms? Have you confirmed that the VWC will accept your electronic reporting? Describe the process and data security plans you would put in place to assure that only authorized users could report claims?
6. Describe your capabilities for interfacing with health care providers for the purpose of billing, payments and receipt of medical reports.

D. Claims Administration (Initial & Ongoing)

Please describe in accordance with your organization's general practices.

1. Describe the life of a claim providing a flow chart for all new claims (and associated time frames) up through issuing the first medical payment, indemnity payment, or case denial.
2. How are clients notified of pended claims and the reason for a delay/claim approval/denial?
3. What criteria are used by the benefit coordinators to make compensability determination decisions? What resources do you have available for researching Virginia case law?
4. How often are the pending cases reviewed by supervisory personnel? Provide a copy of any formal review documentation. Is this review supported with automated system edits or a manual look up?
5. Please describe, step-by-step, how cases are monitored, tracked and reported once approved.

6. a) What is your time standard for making a compensability determination (specify calendar or workdays)? What are your time standards for returning phone calls, reviewing mail, filing mail in claims files, responding to mail, responding to e-mails, responding to complaints?
- b) How will compliance with these standards be tracked and reported to the Purchasing Agency?
7. Provide any changes to the Agency Workers' Compensation Manual that would be necessary if your organization is awarded the contract.

What were your compensability determination turn-around time results for 2001 and 2002 for the claim office to which Commonwealth of Virginia would be assigned (specify calendar or work days)?

	2001	2002
From the FROI?		
From the time that all required information was received:		

7. How do you propose to manage litigation?
8. How do you propose to handle requests for review or appeal?
9. What is your organization's general practice regarding claim settlement?

E. Clinical Case Review

General Management

For each of the following questions, describe your organization's general handling procedures and acknowledge any differences that will be required for Commonwealth of Virginia.

1. How is the clinical case review process initiated?
2. What percent of lost time cases and medical only cases typically fall under active clinical case management?
3. What checks and balances are in place to ensure that the cases that meet referral criteria, will in fact, be referred?
4. What processes are in place for early intervention from a medical standpoint after intake?
5. Are you capturing primary, secondary and tertiary diagnoses?
6. How frequently does a supervisor or manager review staff case work?

7. How frequently is your treatment plan reviewed and updated?
8. Describe the typical case activities and timelines.
9. How are Maximum Medical Improvement (MMI) determinations handled?
10. Do you have a selected panel of specialists for IME referrals or for treatment review referrals? What percentage of cases are referred to IME?
11. What criteria and timeframes will be used to transfer cases to field medical and vocational specialists? Who will be responsible for monitoring the activities of the field specialists and how will successes be measured and documented?
12. Provide a copy of any reports and form letters that will be used.
13. Do you have a medical director planned for this program? If so, when will they be used and provide a copy of the workflow process.
14. If operative, indicate how your process automatically flags and/or refers the following types of cases for specialty review. What type of special reviews do you perform?

Claim Type	Referred Automatically Prior to Payment	Referred at Claims Examiner Discretion	To Whom is it Referred
Multiple diagnoses			
Multiple claims			
Vague diagnosis			
Repeat lost time episodes			
Duration requested exceeds clinical guidelines			
Motor vehicle accidents			
Mental Health			
Chemical dependency			
Carpal Tunnel Syndrome			
Soft tissue injuries			
Musculoskeletal			
Cardiac			
Large dollar claims (e.g. ≥ \$25,000)			
Presumption Claims			
Others (please specify)			

F. Quality Assurance Review

1. Describe your quality assurance review program. How frequently and what percentage of cases will your quality assurance program review? How are recommendations for quality improvement developed and implemented?
2. How do you see this position interacting with the Commonwealth's External Auditor?

3. Describe the procedures and edits that are applied when claims are pended or denied.
4. What type of reports will your quality assurance program review to assure the program is meeting performance criteria?
5. Will your quality assurance program verify compliance by all staff with the program procedural manual?
6. Will SAS70 recommendations implementation be a part of the review and oversight of this work unit?
7. Is your review supported with automated system edits or a manual look up?

G. Return to Work

1. Describe in detail how you work with the employer and treating physician to facilitate an employee's early return to work through the entire process. What criteria is used, if any?
2. If the employer makes alternate duty, transitional temporary work available, how is this information captured, stored, and reported to the Purchasing Agency and agencies in your system?
3. If the Commonwealth of Virginia does not accommodate an employee with work restrictions, what steps do you take?
4. How does your claim management model support early RTW?
5. What types of educational programs would you provide to state agencies to increase their return to work initiatives?
6. What type of program oversight will you perform to identify adverse return to work trends by agencies? What types of consulting services will you provide to agencies should adverse trends develop?

H. Information Systems

1. Do you have different information systems for claim payment versus case management? If yes, how is this information integrated for the client?
2. Describe in detail your payment process from the point a bill enters the office until a check is issued. Provide copies of any policies and procedures you plan on implementing for data security and segregation of duties.
3. Describe the various system access roles, the data they are entitled to view, and how you establish and manage your security system.
4. State your willingness to provide information on system upgrades and modifications thirty days in advance to the Purchasing Agency for testing and approval prior to implementation. State your willingness to provide your conversion plans and any

validity testing results to the Purchasing Agency. Provide a workflow diagram with timelines and samples of documents that will be provided.

5. State your willingness to escrow any system source codes.
6. Provide a copy of your information system user manual. State your willingness to assure that all staff and the key Commonwealth Purchasing Agency staff are provided with an accurate up to date user manual and are trained in advance of implementing any new system releases.
7. State your willingness to provide five workstations for key Commonwealth Purchasing Agency staff to use with on line access to live data identical to that available to the Contractor's staff. Provide information on what systems and fields of data the Purchasing Agency External Auditor will have access to for program review.
8. How is historical data archived? How many months/years of information is maintained on-line? How many years of information is maintained off-line? How many years of information is maintained off-site? Describe your archiving process and where your data back up is maintained.
9. State your willingness to follow any security guidelines established by the Commonwealth of Virginia.
10. Describe your database for provider information. Do you keep a database by provider Tax Identification number that would enable Commonwealth of Virginia to track managed care network providers vs. non-managed care providers?
11. Please indicate whether the following data elements are captured in the system and how they are captured:

Data Element	Yes	No	Hard Code or Free Form
Employee Social Security Number & Employee ID Number			
Employee Social Security Number and/or Employee ID No.			
Employee date of birth (day, month, year)			
Sex (male/female)			
Job code			
Location of Accident			
Date of disability (day, month, year)			
Nature of illness/injury			
All Employer's Accident data			
Supervisor/Departmental statement			
Benefit commencement date			
Average Weekly Wage			
Weekly benefit Rate			
Status (active, inactive, pending, suspended, denied, terminated, recovered, died)			

Data Element	Yes	No	Hard Code or Free Form
Reserves for incurred claims			
State code			
Medical provider			
Date of first medical examination			
Diagnosis, primary			
Diagnosis, secondary			
Return to work status – Yes/No			
Date released Return to Work (RTW) with restrictions (How do you capture those restrictions? Please list the restrictions.)			
Date of release without restrictions			
Date of return to work			
Vocational rehabilitation – Yes/No			
Litigation – Yes/No; Won/Lost			

12. What degree of breakdowns for reporting do you have? Do you have any limitations with respect to reporting breakdowns at the detail field level? If so, what are they?
13. State your willingness to develop 10 new reports for the Purchasing Agency prior to July 1, 2003 and a minimum of 12 reports a year within 30 days of request.
14. Will you provide on line reporting for state agencies? If so, how many users will be provided with access. Provide information on the system, its reporting capabilities, and the security add/delete process you will use. Provide copies of all available reports.

I. Customer Service

1. What types of measurement tools are used (e.g. satisfaction surveys) to assess customer satisfaction and quality assurance? What have your satisfaction rates been for the last 2 years? How often are surveys conducted? Are they done by internal or external sources? How are clients notified of their results? How are surveys and other feedback methods incorporated into your program's quality assurance program. Please provide specific examples.
2. Describe methodologies (e.g. surveys) to solicit feedback about services rendered by client teams.
3. Are surveys conducted among treating physicians, injured workers, or an employer's management team to gain feedback? Please provide samples.
4. Describe your complaint resolution process for every aspect of the program.
5. How will you monitor and track complaints and their resolution (employee, provider, business or vendor)? How will you integrate this into your quality assurance program. How frequently will you provide the Purchasing Agency with your complaint statistics?

6. Is there a tracking system to monitor the types, frequency, progress and resolution of complaints and grievances? To measure changes made in procedures, system edits, etc.? Please describe.
7. Provide case studies of how this tracking/resolution system was useful in making changes in the way your program is administered.
8. What policies, procedures, or protocols, if any, exist to identify deficiencies in the case management process? For example would repeat claims for the same individual trigger a referral to a senior person in the case management area? Please describe.
9. How do you determine the effectiveness of your staff in:
 - Referral management of care to medical advisors or specialists
 - Referral coordination and management of IMEs
 - Accommodation of an employee's RTW
 - Negotiation of RTW or early RTW schedules
 - Supervising staff's work
10. How do you measure the performance of your IME program? Do you have negotiated rates with IMEs? If yes, what is the arrangement?
11. How do you measure the performance of your vocational rehabilitation program?
12. What performance standards are required by staff function (e.g. , claims, supervisory, clerical, clinical) in terms of productivity, accuracy, timeliness, and customer relations? How is compensation tied to performance?
13. How often are staff evaluated? Are results shared with clients?

IV. Requested Exhibits

Please provide the following in a clearly labeled "Exhibits" section of your response (indicate those included):

		Provided?	
		Yes	No
1.	Proposed flow chart model of all workers' compensation processes that complies with Commonwealth of Virginia Workers' Compensation Act and Department of Account requirements	_____	_____
2.	Copy of your most recent SAS 70	_____	_____
3.	Sample of all form letters and communications (with designations of where they go: e.g., employee, physician)	_____	_____
4.	Sample of all standard and ad hoc reports for customers & staff	_____	_____
5.	Copy of any employer claims procedural manual (account subject to purchasing agency approval and modification)	_____	_____
6.	Implementation timeline	_____	_____
7.	Resumes of individuals key to the Commonwealth of Virginia account	_____	_____

- | | | | |
|-----|---|-------|-------|
| 8. | Organizational chart for claim office assigned to Commonwealth of Virginia | _____ | _____ |
| 9. | Banking and payment processing, reconciliation documents, quality assurance process, reports, workflow, including, if available, process for direct deposit for injured worker payments and work flow process | _____ | _____ |
| 10. | Computer System design description and security, data dictionary and structure | _____ | _____ |
| 11. | Written disaster recovery/business continuity plan | _____ | _____ |
| 12. | Computer and Claims Procedural Manuals that will be used on this account (subject to purchasing agency approval and modification) | _____ | _____ |

V. Performance Guarantees:

Please describe in detail any performance guarantees you are willing to agree to, how they will be measured, and what type of penalty/bonus program you are suggesting be included in the contract.

VI. Liquidated Damages:

SCHEDULE OF LIQUIDATED DAMAGES

1. Contractor shall reimburse the Purchasing Agency for any payments required due to (1) the Contractor's failure to terminate benefits when the contractor has been timely and properly notified that an employee has returned to work, (2) penalties related to failure to pay benefits on open awards within timeframes established in Virginia Code §65.2-524, (3) Contractor's dishonesty or fraud, (4) any payment that were not an obligation of the Purchasing Agency, or (5) any duplicate payments issued by the Contractor. Should the Contractor wish to file for a credit with the Commission for overpayments as a result of 1, 3, or 5, the Contractor shall be responsible for re-payment of legal fees for service to the Purchasing Agency.
2. Contractor shall reimburse the Purchasing Agency for any penalties for failure to comply with all requirements of the Code of Virginia, including (but not limited to) Code of Virginia Section 55-168 to Section 55-201.1 for unclaimed property, Code of Virginia Section 65.2 and any revisions, additions, and related rules and regulations, and the Prompt Pay Act.
3. Contractor shall reimburse the Purchasing Agency \$100 for each instance of a failure to remove a rehabilitation nurse within 15 calendar days of the request.
4. The contractor shall reimburse the Purchasing Agency \$1,000 for any agreed upon year end report which is received with an error or on or after July 11 of any year.
5. Contractor shall reimburse the Purchasing Agency \$100 for each instance of a failure to receive payment authority prior to issuing a check for an amount in excess of the delegated authority.
6. Contractor shall reimburse the Purchasing Agency \$100 for each instance of a failure to submit a Contested Claim Report and all enclosures, interrogatories, or on the record balance billing case to the Office of the Attorney General within timeframes established in the Office of the Attorney General's Workers' Compensation Protocol .
7. Contractor shall reimburse the Purchasing Agency \$100 for each instance of a failure to make and document an attempt to contact the injured worker within 3 calendar days of the assignment.
8. Contractor shall reimburse the Purchasing Agency \$100 for each instance of a failure to communicate in writing to the agency and injured worker every 30 days the reason a compensability decision cannot be made.
9. Contractor shall reimburse the Purchasing Agency \$100 for each instance of a failure to conduct the surveillance by the date requested by the claims handler.
10. Contractor shall reimburse the Purchasing Agency \$100 for each instance of a failure to provide the report of surveillance within 14 calendar days of conducting the surveillance.

11. Contractor shall reimburse the Purchasing Agency \$100 for each failure to provide 24 hours advance notice of a visit to a state agency.
12. Contractor shall reimburse the Purchasing Agency \$100 for each failure to provide a client visit report within 48 work hours of the visit.

The Purchasing Agency shall reduce the monthly payment to the Contractor by the amount of liquidated damages and any fees incurred as a result of the errors.

VII. Pricing Schedule

Provide a firm fixed price for years one, two and three of the contract for each of the categories below

	Year 1	Year 2	Year 3
Hourly rate for Surveillance services:			
Hourly rate for Payroll classification audit			
Hourly rate for field investigation			
Comprehensive monthly fee for all other services (based upon proposed staffing and caseload levels)			
Additional services not requested by the Purchasing Agency			

	1 Year Only
Provide start up costs for the 1 st year of the contract (per section 3.2)	

Attach a schedule of the Effect of Staffing Level Changes on Pricing (by position) or for periods of position vacancy greater than 30 days. Include Position Title and Monthly Cost per position. (Changes to staffing levels must be pre-approved by purchasing agency in advance.)

ATTACHMENT TWO

PARTICIPATION IN STATE PROCUREMENT TRANSACTIONS

BY

SMALL BUSINESSES AND BUSINESSES OWNED BY WOMEN AND MINORITIES

The following definitions will be used in completing the information required by one or more of the three categories of businesses contained in this Appendix as applicable to your firm: (1) Participation by Small Businesses; (2) Participation by Businesses Owned by Women; and (3) Participation by Businesses Owned by Minorities.

DEFINITIONS

Period is the specified 12-month period for which the information provided in this list is applicable and valid. The period will be specified as month and year.

Firm Name, Address and Phone Number is the name, address and business phone number of the small business, women-owned business or minority-owned business with which the Offeror has contracted or done business over the specified period or plans to involve on this contract, as applicable.

Contact Person is the name of the individual in the specified small business, women owned business or minority-owned business who would have knowledge of the specified contracting and would be able to validate the information provided in this list.

Type Goods or Services is the specific goods or services the Offeror has contracted for from the specified small, women-owned or minority-owned business over the specified period of time or plans to use in the performance of this contract, as applicable. The Offeror will asterisk (*) those goods and services that are in the Offeror's primary business or industry.

Dollar Amount is the total dollar amount (in thousands of dollars) the Offeror has contracted for or has done business with the listed firm during the specified period or plans to use on this contract, as applicable.

% Total Company Expenditures for Goods and Services is calculated by dividing the dollar amount of business conducted or contracted for with the indicated firm over the specified period by the total expenditure of the Offeror over the specified period for goods and services.

% of Total Contract is calculated by dividing the estimated dollars planned for the indicated firm on this contract by the total Offeror estimated price of this contract.

1. PARTICIPATION BY SMALL BUSINESSES

- A. Offeror certifies that it () is, () is not, a small business concern. For the purpose of this procurement, a small business is a concern, including its affiliates, which is independently owned and operated, is not dominant in the field of operation in which it is contracting and can further qualify under the criteria concerning number of employees, average annual receipts, or other criteria, as prescribed by the United States Small Business Administration.
- B. List small businesses with which the Offeror has contracted or done business and dollar amounts spent with each of these businesses in the most recent 12-month period for which data are available. Offerors are encouraged to provide additional information and expand upon the following format:

PERIOD: From: _____ To: _____

FIRM NAME, ADDRESS & PHONE NUMBER	CONTACT PERSON	TYPE GOODS/ SERVICES	DOLLAR AMOUNTS	% TOTALCONTACT EXPENDITURES FOR GOODS & SERVICES

1. PARTICIPATION BY SMALL BUSINESSES

(Continued)

- C. Describe Offeror's plans to involve small businesses in the performance of this contract either as part of a joint venture, as a partnership, as subContractors or as suppliers. Offerors are encouraged to provide additional information and expand upon the following format:

FIRM NAME, ADDRESS & PHONE NUMBER	CONTACT PERSON	TYPE GOODS/ SERVICES	DOLLAR AMOUNTS	% TOTAL CONTRACT

2. PARTICIPATION BY BUSINESSES OWNED BY WOMEN

- A. Offeror certifies that it () is, () is not, a women's business enterprise or women-owned business. For the purpose of this procurement, a women-owned business is a concern that is at least 51 percent owned by a woman or women who also control and operate it. In this context, "control" means exercising the power to make policy decisions, and "operate" means being actively involved in the day-to-day management.
- B. List businesses owned by women with which the Offeror has contracted or done business and dollar amounts spent with each of these businesses in the most recent 12-month period for which data are available. Offerors are encouraged to provide additional information and expand upon the following format:

PERIOD: From: _____ To: _____

FIRM NAME, ADDRESS & PHONE NUMBER	CONTACT PERSON	TYPE GOODS/ SERVICES	DOLLAR AMOUNTS	% TOTAL CONTACT EXPENDITURES FOR GOODS & SERVICES

2. PARTICIPATION BY BUSINESSES OWNED BY WOMEN

(Continued)

- C. Describe Offeror's plans to involve businesses owned by women in the performance of this contract either as part of a joint venture, as a partnership, as sub Contractors or as suppliers. Offerors are encouraged to provide additional information and expand upon the following format:

FIRM NAME, ADDRESS & PHONE NUMBER	CONTACT PERSON	TYPE GOODS/ SERVICES	DOLLAR AMOUNTS	% TOTAL CONTRACT

3. PARTICIPATION BY BUSINESSES OWNED BY MINORITIES

- A. Offeror certifies that it () is, () is not, a minority business enterprise or minority-owned business. For the purpose of this procurement, a minority-owned business is a concern that is at least 51 percent owned and controlled by one or more socially and economically disadvantaged persons. Such disadvantage may arise from cultural, racial, chronic economic circumstances or background or other similar cause. Such persons include, but are not limited to, Blacks, Hispanic Americans, Asian Americans, American Indians, Eskimos, and Aleuts.
- B. List businesses owned by minorities with which the Offeror has contracted or done business and dollar amounts spent with each of these businesses in the most recent 12-month period for which data are available. Offerors are encouraged to provide additional information and expand upon the following format:

PERIOD: From: _____ To: _____

FIRM NAME, ADDRESS & PHONE NUMBER	CONTACT PERSON	TYPE GOODS/ SERVICES	DOLLAR AMOUNTS	% TOTAL CONTRACT EXPENDITURES FOR GOODS & SERVICES

3. PARTICIPATION BY BUSINESSES OWNED BY MINORITIES

(Continued)

- C. Describe Offeror's plans to involve minority businesses in the performance of this contract either as part of a joint venture, as a partnership, as subContractors or as suppliers. Offerors are encouraged to provide additional information and expand upon the following format:

FIRM NAME, ADDRESS & PHONE NUMBER	CONTACT PERSON	TYPE GOODS/ SERVICES	DOLLAR AMOUNTS	% OF TOTAL CONTACT

ATTACHMENT THREE

The Commonwealth prefers to make payment to the successful Offeror via EDI where applicable. This Attachment explains the process and contains sample of the agreement to be completed by the Contractor.

<http://www.doa.state.va.us/procedures/GeneralAccounting/EDI/tradingpartnerguide.pdf>

SAMPLE

Fiscal Agent Services Agreement

THIS AGREEMENT between the Treasurer of Virginia (“State Treasurer”), NEW VENDER (referred to as “Company”), NEW BANK (“Bank”) and the STATE AGENCY, Commonwealth of Virginia (“Department”) is an addendum to the Contract to provide Fiscal Agent Services to the Workers Compensation Program (“Contract”). This agreement provides as follows:

WHEREAS, The State Treasurer, the Company, the Bank and the Department desire to establish a procedure for the payment of disbursements issued by the Company under the Workers Compensation Program of the Commonwealth of Virginia; and

WHEREAS, the company has established account number, XXXXXX (“Zero Balance Account”) with the Bank for the payment of benefits under the Workers Compensation Program. The company is the sole owner of this account and is responsible for all bank charges related to this account; and

WHEREAS, the State Treasurer has established a bank account (Funding Account) to which funding will be credited on a periodic basis, based on volume of Workers Compensation payments to be made, the account “Treasurer of Virginia – Workers Compensation Funding Account” numbered XXXXXX at the Bank, is to be used to fund the zero Balance Account. The company will advise the Department of the exact dollar amount of each daily disbursement. The State Treasurer is the sole owner of this account and is responsible for all bank charges as well as the beneficiary of all earnings credit related to this account.

WHEREAS, the purpose of the “Treasurer of Virginia – Workers Compensation Funding Account” is to fund the “Zero Balance Account” on a daily basis for the amount of the disbursements paid.

WHEREAS, the Parties hereto desire, among other matters, to evidence the aforesaid agreements and obligations;

NOW, THEREFORE, in consideration of the promises and mutual agreements contained herein, the parties agree as follows:

1. Each business day, the Bank will identify and segregate all checks drawn on the zero balance account and present for payment.
2. At the end of each business day, the Bank shall debit the Treasurer of Virginia – Workers Compensation Funding Account for an amount sufficient to pay such disbursements, shall credit the Zero Balance Account for such amounts, and shall pay such disbursements drawn on the Zero Balance Account for which sufficient collected funds exist.

Fiscal Agent Services Agreement

Effective Date:

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3. The parties agree that the Bank shall not be obligated to pay disbursements that create an overdraft in the Funding Account. Nevertheless, the Company shall incur no liability for disbursements that are properly drawn on the Zero Balance Account and issued to beneficiaries of the Workers Compensation Program. Accordingly, if, at any time, sufficient collected funds are not made available in accordance with paragraph 2, above, to pay said disbursements, the State Treasurer agrees to reimburse the Bank upon demand for the amount of any overdraft. The Bank's election to allow an overdraft from time to time will in no event constitute an agreement on the part of the bank to do so at any other time. In any event, before refusing to pay any disbursement drawn on the account for reason of insufficient collected funds, the Bank will notify the State Treasurer and the Company so as to permit the State Treasurer to deposit sufficient funds to preclude any overdraft. All accounts under this Service Agreement shall be treated as one system of related accounts having a daily net balance position. In the event there is a negative net balance in any account at the close of the business day, the Bank shall be entitled to be compensated by the Commonwealth in accordance with the terms and conditions of the applicable (Name of new Bank) Bank Deposit Agreement and Disclosures.

4. This agreement is effective for the Period

5. Any Party may terminate this Agreement by giving ninety (90) days prior written notice to the other Parties. The termination of this agreement shall not affect the rights or obligations of any Party arising prior to the effective date of such termination. This agreement shall also be terminated in the event and at the time, if any, the Contract to provide Fiscal Agent Services to the Workers Compensation Program is terminated.

6. No amendments or modifications to or of this Agreement shall be valid unless evidenced in writing and signed by the Parties. Accounts may be added to or removed from this Agreement by written communication to the Bank by authorized signers on the Funding Account. A Zero Balance Implementation form will be prepared by the Bank based on the instructions received. A copy of this form will be provided to both an authorized signer on the Funding Account and an authorized signer on the new subsidiary account. The new Zero Balance Account implementation form will be considered an amendment to the agreement.

7. This Agreement will be governed by the laws of the Commonwealth of Virginia, and will be binding upon successors and assigns of the Parties hereto.

IN WITNESS WHEREOF; the parties have caused this Agreement to be executed by the following authorized officials.

Fiscal Agent Services Agreement

Effective Date:

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DEPARTMENT OF THE TREASURY

By _____
(Treasurer's Name)
Treasurer of Virginia

Date _____

(NAME OF NEW VENDOR)

By _____
(VENDOR REPRESENTATIVE)
Chief Financial Officer

Date _____

DEPARTMENT OF (STATE AGENCY)

By _____
(NAME OF DIRECTOR)
Director

Date _____

(NAME OF BANK) BANK

By _____
(BANK REPRESENTATIVE)
Vice President

Date _____

(NAME OF NEW VENDOR)

By _____
(VENDOR REPRESENTATIVE)
Principal

Date _____